迈科管业控股有限公司
MAIKE TUBE INDUSTRY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 1553



2025
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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REPORTING PRINCIPLES AND SCOPE OF THE REPORT

INTRODUCTION

Maike Tube Industry Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is pleased to present to our shareholders the "Environmental, Social and Governance Report" (the "ESG Report") of the Group for the year ended 31 December 2025 (the "Reporting Period"). This report is prepared pursuant to the Environmental, Social and Governance Reporting Guide under Appendix C2 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the "Reporting Guide").

The Group is principally engaged in (i) the manufacturing and sales of standard prefabricated pipe fittings; (ii) the manufacturing and sales of steel pipe products; and (iii) the design and supply of assembled piping systems. We also sell unused raw materials procured from suppliers, primarily including steel coils.

The standard prefabricated pipe fittings produced by the Group are used in pipeline systems to connect straight pipes or pipe sections and can be adjusted to different sizes or shapes as needed. Our standard prefabricated pipe fittings and steel pipe products have various specifications, such as length, outer diameter, and surface treatment, to meet the diverse needs of the Group's customers and comply with international standards. We sell most of our standard prefabricated pipe fittings and customized steel pipe products directly or indirectly to overseas markets. The Group's welded steel pipe products can generally be categorized into standard straight-seam electric resistance welded (ERW) steel pipes and spiral submerged arc welded (SSAW) steel pipes. Our quality control capabilities are certified by ISO 9001, ISO 14001, and OHSAS 18001 certifications. Our products are extensively used in municipal pipeline systems designed for natural gas, potable water supply, sewage, HVAC, and firefighting water systems. Leveraging our industry knowledge and expertise, we also design and supply assembled piping systems for our customers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGIES AND GUIDELINES

The Group aims to demonstrate its efforts on sustainability developments to both internal and external stakeholders by presenting this ESG Report.

The Group has been committed to operating its business in a sustainable manner in economic, social and environmental aspects, and maintaining the long-term sustainable development of its business and providing support for environmental protection and the communities where it operates. Quality products and services are delivered to customers, and their business is managed prudently under sound decision-making processes by the Group. The Group has maintained with stakeholders such as shareholders, customers, employees, suppliers, creditors, regulators and the general public, as well as seeks to balance the views and interests of these stakeholders through constructive conversation with a view to setting the course for long-term prosperity.

STATEMENT OF THE BOARD

The board of directors (the "Board") is responsible for evaluating and determining the environmental, social and governance risks of the Group, and ensuring that relevant risk management and internal control systems are in place and operate effectively. The Board believes that environmental, social and governance risks are crucial to the efficient operation of the Group, and is committed to integrating environmental and social aspects into its daily operations. The Group's corporate governance is fundamental to ensuring that the ESG topic of the Group are well-considered and incorporated into the business agenda, and is of paramount importance to us to continuously create value for our stakeholders. As the Group's highest governance body, the Board sets the direction of our business strategy as well as the management of our business activities, along with a well-established governance structure in place to govern our corporate behavior. The Board is also ultimately responsible for ensuring the effectiveness of ESG risk management and internal control mechanism.

The Board guides the management to regularly assess the major risks faced by the Group and assess the uncertainties, participates in the formulation of risk management measures, and continuously monitors the appropriateness of relevant risk assessments and measures. The Board also regularly reviews the operational effectiveness of the system and whether it covers key control measures for material ESG issues. The Group has assigned dedicated personnel to be responsible to collect all relevant information for each ESG reporting aspect and prepare the ESG report under the guidance of external professionals. Each department regularly reports to the Board, assists in assessing and identifying risks to the Group, and reviews the effectiveness and adequacy of internal control mechanisms. Assigned employees will also examine and evaluate the Group's performance, including environmental, health and safety, labor practices and other environmental, social and governance aspects.

The Group has established an Environmental Protection Committee, which includes senior management personnel from various departments, and is a leadership, organization, and coordination institution under the leadership of the general manager. Its main task is to implement national environmental protection laws, regulations, and policies, organize, coordinate, inspect and promote enterprise environmental protection work, and promote ecological environmental protection, economic development, and social coordination and development. The committee is responsible for communicating and coordinating with the competent environmental protection department. Members should participate in the investigation, inspection, and assessment activities arranged by the committee, and actively carry out environmental protection research work according to the responsibilities of each production department. Each production department and branch should assign a liaison officer responsible for daily coordination and work. The committee also needs to prepare work plans, prepare for meetings of the full committee, and arrange other important activities, and is responsible for document reception and dispatch, seal management, and contact with committee members. The committee also needs to formulate a file management system and be responsible for the company's environmental protection file management. The committee also needs to supervise and inspect the implementation of the committee's decisions and resolutions by various production departments and branches, and organize, coordinate, and inspect enterprise environmental protection work.

REPORTING PRINCIPLES AND SCOPE OF THE REPORT

The Group remains committed to the concept of green development, actively engaging in environmental management and comprehensively promoting the upgrade and optimization of water resource recycling and pollution control. We strive to enhance overall sustainability and fulfill our corporate social responsibility. Under the leadership of the Board of Directors, the Group has implemented various measures such as water conservation, emission reduction, pollution control, and efficiency enhancement. By optimizing our reclaimed water reuse system, we have established an internal water circulation framework. Treated domestic wastewater is reused for toilet flushing and landscape irrigation within the plant. A new intelligent reclaimed water distribution network has also been constructed. Notably, during the dry season, the substitution rate of reclaimed water for landscaping purposes reaches 70%, significantly reducing the consumption of fresh water and achieving efficient and green water resource utilization.

In terms of water usage management, the Group has standardized its metering systems to fully comply with the Level-3 metering standards, strictly preventing any unauthorized water use. We have also established a water consumption assessment mechanism and enhanced supervision processes to raise employees' awareness of water conservation. Through internal competitions and the promotion of water-saving regulations and practices, we further strengthen the sense of participation across the organization. For new projects, we rigorously enforce water resource assessment requirements to ensure rational and efficient use of resources.

To further enhance the effectiveness of environmental management, the Group actively adopts digital and intelligent solutions. We have implemented a cloud-based environmental risk inspection system to ensure comprehensive coverage and timely rectification of potential hazards. Additionally, the DCS System is used for real-time monitoring of emissions to ensure that exhaust gases meet discharge standards. Digital tools are also employed to control reclaimed water pressure and monitor reuse in real time, preventing water waste.

Regarding major pollutants generated during the manufacturing process, the Group continues to upgrade and optimize existing pollution control facilities. For the dust and exhaust removal system, two key pipelines underwent in-depth optimization, including airflow simulation, adjustment of exhaust pipe dimensions, and the adoption of intelligent variable frequency technology. These improvements have effectively reduced system energy consumption by approximately 10%, while steadily enhancing dust removal efficiency–achieving both energy savings and cost control.

While implementing the above initiatives, the Group strictly complies with environmental regulations in China, Vietnam, Thailand, Malaysia and other regions, continuously enhancing compliance capabilities and environmental performance at our overseas production bases. During the reporting period, through a series of technical upgrades and management innovations, we effectively controlled the risks associated with exhaust gas and wastewater emissions in the production process, promoted resource recycling, and elevated our overall green manufacturing standards.

Moving forward, the Group will continue to deepen its commitment to sustainable business practices, better balancing environmental and social needs, striving for green development, and creating more value. By continuously improving the level of sustainable business practices, the Group believes it can continue to play a positive role in future development, making greater contributions to the sustainable development of society and the environment.

REPORTING PRINCIPLES AND SCOPE OF THE REPORT

This reporting covers the financial year ended 31 December 2025 and is prepared pursuant to the Environmental, Social and Governance Reporting Guide under Appendix C2 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited.

This report will focus on the material operating segment of the Group in mainland China, Vietnam, Thailand and Malaysia as well as the Group's head office located in Hong Kong (the "HK Office"). The Group attaches great importance to materiality, balance, quantification and consistency when preparing ESG reports:

Importance

In order to identify material issues, the Group has conducted a materiality assessment in 2025 taking the identified material issues as the focus of the preparation of this ESG report. The materiality of the issues is reviewed and confirmed by the Board and the business and functional departments. Please refer to the section headed "Materiality Assessment" for further details.

REPORTING PRINCIPLES AND SCOPE OF THE REPORT

Balance

This report provides an unbiased, precise and accurate account of our Group's achievements and areas for improvement, and provides a true and fair view of our sustainability performance.

Quantification

The Group discloses the standards and methods used to calculate the relevant data and the applicable assumptions in the ESG report. Key performance indicators ("KPI") are supplemented by notes to establish benchmarks where practicable.

Consistency

The statistical methodology applied in this ESG report is largely the same as last year, and explanations are provided for data where the scope of disclosure and calculation methods have changed. If any changes may affect the comparison with previous reports, the Group will comment on the corresponding content of this ESG report.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a core role in the sustainability of the Group. The Group fully appreciates the needs to build both online and offline communication channels and to provide stakeholders with timely reports on strategic planning and performance of the Group in order to establish a continuing communication mechanism with the stakeholders. In addition, the Group consults the stakeholders on their recommendations and propositions to ensure its business practices can meet the expectations of the stakeholders.

The stakeholders include the shareholders, governments and regulatory bodies, employees, customers, suppliers and society and the public. The Group discusses with the stakeholders through various channels for their expectations and relevant feedback of the Group as below:

Stakeholders	Expectations	Communication and feedback
Shareholders	• Financial results • Corporate transparency • Sound risk control	• Improving profitability • Regular information disclosure • Optimizing risk management and internal control
Governments and regulatory bodies	• Compliance with laws and regulations • Tax payment in accordance with laws	• Compliance operation • Tax payment in full and on time
Employees	• Career development platform • Salary and benefits • Safe working environment	• Promotion mechanism • Competitive salary and employee benefits • Providing trainings for employees and strengthen their safety awareness
Customers	• Logistics and delivery service standards • Customer privacy protection • Customer rights and interests protection	• Getting delivery status through product tracking system • Customer information security • Compliance marketing
Suppliers	• Integrity cooperation • Business ethics and credibility	• Building a responsible supply chain • Performing the contract according to law
Society and the public	• Environmental protection • Employment opportunities	• Putting into use of environmental protection and energy saving equipment • Providing employment opportunities

The Group will take into account the expectations of the stakeholders while formulating over operational strategies and ESG measures, and work together to continuously improve its ESG performance to create greater value for the community.

MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted a comprehensive materiality assessment, in order to identify which areas have the most significant operating, environmental and social impacts towards its business.

With reference to the scopes as required under the ESG Reporting Guide and taking into consideration of the corporate business characteristics, the Company has identified and confirmed 22 issues, which cover environment, training and development, occupational health and safety, labour standards in supply chain, corporate governance, customer privacy, anti-corruption and community investments.

Environmental issues

- Greenhouse gas emissions (*)
- Energy consumption (*)
- Water consumption (*)
- Waste (**)
- Saving energy measures (*)
- Use of raw materials and packaging materials (*)
- Compliance with laws and regulations relating to environmental protection (**)
- Use of chemicals (**)

Social issues

- Local community engagement (**)
- Community investment (**)
- Occupational health and safety (***)
- Labour standards in supply chain (***)
- Training and development (***)
- Employee welfare (**)
- Inclusion and equal opportunities (***)
- Talent attraction and retention (***)

Operating issues

- Economic value generated (***)
- Corporate governance (***)
- Anti-corruption (***)
- Supply chain management (***)
- Customer satisfaction (***)
- Customer privacy (***)

Note: Asterisks in the parentheses represents the priority of the issue, where *** represents high priority, ** represents medium priority and * represents low priority.

A1. EMISSIONS

Environmental protection is one of the core values of the Group. The Group has proactively looked for and implemented new technology at various stages of production in order to minimize its impact on the environment. The Group has introduced energy-efficient equipment and streamlined operation processes to reduce consumption of resources, enhanced the efficiency of utilizing resources and strive to minimize the environmental impact on the communities around the production base.

The Group's production bases are located in the PRC, Vietnam, Thailand and Malaysia. During the Reporting Period, the Group has complied with all relevant local environmental laws in the nations where it operates.

In 2025 the Group's gaseous emissions are as follows:

Gaseous Emissions from the Use of Motor Vehicles

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
NOx	Tonne	0.0863	0.000252
SOx	Tonne	0.0023	0.000007

Greenhouse Gas ("GHG") Emissions from Operations

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
GHG emission (Scope 1)	Tonne CO_2e	5,049.37	0.014713
GHG emission (Scope 2)	Tonne CO_2e	21,339.87	0.062179
GHG emission (Scope 3)	Tonne CO_2e	55.39	0.00016
Total	Tonne CO_2e	26,444.63	0.077052

Scope 1: It represents the liquid gas, liquefied petroleum gas, and diesel consumed by automobiles, as well as the natural gas consumed in production.
Scope 2: It represents the electricity purchased from power suppliers.
Scope 3: It represents the paper waste disposed at landfills and water used, and emissions generated by employee business travel.

As at 31 December 2025, the total production and delivery volume was 343,200 tons, and used for calculating the intensity data.

ENVIRONMENT

In order to minimize the gas emissions arouse from energy consumption, the Group has adopted certain sustainable measures to bear environmental responsibility in daily operation process, including but not limited to:

(i) adopt energy-saving technologies and equipment in plants wherever possible, and continuously promote energy-efficiency upgrades for high-energy-consuming equipment, such as installing variable frequency drives on motors to adjust equipment loads based on actual operating conditions, so that motors can maintain optimal operating status, thereby improving electricity efficiency and reducing power consumption;

(ii) encourage employees to switch off electronic equipment, lights, and air conditioning after using rooms or when leaving the office for a period of time, and to advocate eliminating situations such as unnecessary lighting and equipment idling, so as to implement energy-saving measures in day-to-day operational details;

(iii) strictly control air-conditioning temperatures in plants during summer and winter, while gradually replacing old high-energy-consuming equipment, including substituting outdated air compressors with new low-energy-consumption models, in order to reduce overall electricity consumption;

(iv) strengthen publicity, education, and training focused on energy conservation, and to enhance employees' awareness of and proactive participation in energy saving through organizing energy-saving and electricity-reduction improvement assessments, setting energy-saving targets, and establishing incentive mechanisms;

(v) install photovoltaic panels in plant areas and on factory rooftops to generate solar power, thereby meeting part of the electricity demand for production and operations, while reducing the cost of purchased electricity, cutting carbon emissions, promoting green and low-carbon development, and improving energy self-sufficiency and the overall benefits of the plant area;

(vi) In terms of energy metering management, the Group has clearly stipulated electricity metering management requirements in its energy metering management system and has established a three-tier metering management framework. It continuously tracks electricity usage of various facilities and regularly calibrates metering devices to ensure standardized and orderly power-use management. During the reporting period, no violations related to electricity usage occurred.

As a result of adopting the above energy-saving and emission-reduction technologies and measures, energy consumption levels were reduced, air pollutant and greenhouse gas emissions were also decreased to a certain extent, and employees' awareness of energy conservation was enhanced. During the Reporting Period, the Group had no major non-compliance issues related to environmental issues and had complied with relevant environmental laws and regulations in China and other countries, including Environmental Protection Law of the People's Republic of China.

The Group continuously enhances its environmental management level through digital means. By launching and operating an environmental risk cloud inspection system, the Group achieves online control of all environmental hazard points within the company, ensuring a 100% coverage rate. This system promptly identifies issues and facilitates timely rectification, significantly improving the timeliness of environmental risk detection and the completion rate of rectifications. Additionally, through the DCS environmental system, real-time monitoring of the concentration of pollutants, compliance, operation times, and total power consumption in exhaust emissions is achieved, which helps in avoiding the risk of exceeding emission standards from exhaust stacks.

The Group has continuously enhanced its environmental management standards through digital solutions. It has launched and put into operation an Environmental Risk Cloud Inspection System, under which all environmental risk points across the Company have been brought under online monitoring and control, achieving 100% coverage. This enables timely rectification once issues are identified, effectively improving the timeliness of environmental risk detection and the closed-loop rate of corrective actions. At the same time, through the DCS environmental protection system, the Group has achieved real-time monitoring of information such as exhaust volume from emission stacks, pollutant concentration, compliance status, operating time, and total power consumption, effectively reducing the risk of excessive emissions from exhaust stacks.

The Group has also implemented a series of optimization measures for its existing environmental pollution control systems. With respect to dust-removal exhaust ducts, in-depth optimization and modification projects have been carried out for two sets of key dust-collection pipelines. Through refined simulation and adjustment of internal airflow direction, adjustment of stack size and position, and the application of intelligent variable-frequency control technology to precisely match fan speed with actual operating conditions, the energy consumption of dust-removal and pollution-control facilities has been reduced by 10%. This has lowered operating costs while ensuring stable and efficient dust-removal performance. For the volatile organic compounds (VOCs) treatment system, the Group has completed system upgrades and replacements, and has phased out more than 10 sets of facilities, such as UV photolysis and low-temperature plasma equipment, that no longer met current pollution-control requirements. Together with a precise distributed control system, this has not only improved VOC removal efficiency, but also enhanced the stability and reliability of system operations, comprehensively upgrading the pollution-control performance of environmental protection facilities and ensuring compliant emissions of various VOCs.

The Group has also established an environmental management system and obtained certification and recertification under the GB/T 24001-2016 / ISO 14001:2015 Environmental Management System standards, further enhancing the standardization, systemization, and effectiveness of its environmental management.

ENVIRONMENT

Hazardous wastes produced by the Group are mainly Zinc-containing waste and sludge from the manufacturing of steel pipe products and prefabricated pipe nipple products. Non-hazardous wastes of the Group are mainly domestic wastes and packaging materials.

In 2025, the production of hazardous and non-hazardous wastes by the Group were as follows:

Environmental Performance from Operations

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
Hazardous waste produced			
Zinc-containing waste (galvanized dust removal ash)	Tonne	10.24	0.000030
Sludge	Tonne	83.86	0.000244
Waste activated carbon	Tonne	4.48	0.000013
Waste hydrochloric acid	Tonne	1,619.60	0.004719
Other hazardous waste	Tonne	2.41	0.000006
Non-hazardous waste produced			
Domestic wastes	Tonne	618.92	0.002097
Industrial wastes *	Tonne	–	N/A
Disposal wastes*	Tonne	–	N/A
Other Packaging materials *	Tonne	–	N/A

* In 2025, all industrial solid waste, saleable waste materials, and other packaging waste from the Company were fully recycled.

Non-hazardous Waste

For the solid waste generated during the production process with recycling value, the Group carries out comprehensive utilisation after classification and recycling. They are used as raw materials for the production of steel pipe products and prefabricated pipe nipple products. During the Reporting Period, the Group's industrial solid waste and other packaging materials have been fully recycled.

Non-recyclable non-hazardous wastes are stored centrally in waste warehouses or refuse dumps. After reaching a certain volume, they will be transported to the designated place in a leak-proof to prevent scatter, loss and leakage, and ensure that they will not be discarded along the way.

On top of that, the Group also implements the following measures to reduce general waste disposed during our daily operation and within our office area:

- Set up waste recycling points within the manufacturing area to encourage waste recycling;
- Promote green information via electronic communication, such as e-mail and electronic workflows in order to implement "paperless" concept;
- Place "Green Message" reminders on office equipment;
- Utilise used envelopes and promote double-sided printing; single side printing would be used only when handling contractual and confidential documents; and
- Encourage the use of recycled paper.

Through these waste management measures, employees' awareness on waste management has been enhanced. Moreover, the target of zero incident of spillage was achieved during the Reporting Period.

Hazardous Waste

For hazardous wastes, the Group has developed corresponding hazardous waste management plans and centralised them for classification and labels them in accordance with local laws and regulations, and stores them in designated locations. The departments that produce hazardous wastes put them into special boxes in production workshops, warehouses, and office areas. The employees of the Group arrange them to be sent to the qualified third-party collectors for harmless disposal. According to the business nature, the Group did not generate significant amount of hazardous waste during the Reporting Period.

Waste management

The Group attaches great importance to environmental protection in its business operations. The Group has adopted an internal policy to manage waste emissions and produce a small amount of waste during the manufacturing process. The Group has also adopted a set of waste disposal procedures in production facilities to prevent or reduce pollution and has taken measures to control the discharge of gases and wastewater during the production process to comply with applicable environmental standards. The Group has engaged external industrial waste collectors to collect such waste for further processing or recycling.

ENVIRONMENT

The Group has taken measures to ensure compliance with all applicable environmental laws and regulations, including but not limited to:

1. The Environmental Protection Law of the PRC;

2. Established and formulated the "Maike Pipeline Environmental Protection Committee" system;

3. "Regulations on the Management of Dust Filter Bag Replacement";
"Regulations on Dust Collector Cleaning Management";
"Regulations on Environmental Hygiene Inspection for Dust Removal Systems";
"Regulations on the Management of Open-Air and Semi-Open-Air Solid Waste and Raw/Ancillary Material Storage Yards";
"Maike Pipeline Solid Waste Management Regulations";
"Maike Pipeline Pickling Process Management Regulations";
"Maike Pipeline VOCs Treatment Management Regulations";
"Maike Pipeline Rainwater and Sewage Pipeline Network Management Regulations";
"Maike Pipeline Electricity Use Management Regulations During Heavy Pollution Weather";
"Maike Pipeline Environmental Protection Equipment Electricity Use Management Regulations";
"Maike Pipeline Environmental Protection Inspection Regulations";
"Maike Pipeline Environmental Protection Responsibility System";
"Maike Pipeline Organized Waste Gas Emission Management Regulations";
"Maike Pipeline Passivation Bottom Residue Management Regulations";
"Maike Pipeline Waste Filter Cotton and Waste Activated Carbon Management Regulations";
"Maike Pipeline Wastewater Management Regulations";
"Maike Pipeline Waste Mineral Oil Management Regulations";
"Maike Pipeline Waste Polyurethane Transfer Management Regulations";
"Maike Pipeline Waste Packaging Environmental Management Regulations";
"Operating Management Regulations for the Hot-Dip Galvanizing Wastewater Station";
"Operating Management Regulations for the Acid Mist Absorption Tower";
"Management Regulations for Hazardous Waste Galvanizing Dust Ash";
"Management Regulations for Hazardous Waste Passivation Bottom Residue";
"Management Regulations for Hazardous Waste Filter Cotton and Waste Activated Carbon";
"Management Regulations for Hazardous Waste Used Engine Oil";
"Management Regulations for Hazardous Waste Sludge";
"Management Regulations for Hazardous Waste Paint Residue";
"Management Regulations for Hazardous Waste Dust Ash";
"Emergency Response Plan for Radiation (X-ray) Accidents";
"Radiation Protection and Security System";
"Operating Procedures for X-ray Equipment";
"Monitoring Program and Inspection Plan for X-ray Detection Devices";
"Regulations on Mutual Control Management of Environmental Hazards";
"Operating Management Regulations for Pollutant Discharge Permits";
"Operating Management Regulations for the Environmental Protection Department Cloud Inspection System";
"Environmental Protection Operating Cost Management Regulations";

"Environmental Protection Assessment Management Regulations";
"Environmental Protection Tax Declaration Management Regulations";
"Environmental Information Disclosure Management Regulations";
"Environmental Protection Materials Procurement Management Regulations";
"Environmental Protection Training Management Regulations";
"Management Regulations for Heavy-Duty Cargo Vehicles Entering the Plant";
"Energy Compliance Evaluation Management Regulations";
"Energy System Operation Management Regulations";
"Regulations on the Introduction of Energy-Saving Technologies";
"Electricity Conservation Management Regulations";
"Environmental Protection Department Data Management Regulations";
"Management Regulations for Supervising the Effective Environmental Operation of the Galvanizing Workshop";
"Environmental Protection Equipment Operation Management Regulations".

4. GB/T24001–2016/ISO 14001:2015 environmental management system and review certification.

During the Reporting Period, the Group is not aware of any material non-compliance with air emissions and discharges of wastes.

Water and sewage

Indicator	Unit	Discharge	Intensity (based on production in tonnes)
Water consumption	Cubic metre	82,501	0.240387
Sewage water	Cubic metre	22,670	0.066055

The Group has established environmental operation control procedures to monitor and manage wastewater generated during production, office, and daily living processes, in order to comply with relevant laws and regulations and meet local government sewage discharge standards. During its daily production and operations, the Group primarily discharges domestic sewage, which is treated through underground sewage treatment facilities before being discharged into the municipal sewage pipeline network.

The Group has adopted an online iron removal system for pickling water, which effectively extends the replacement cycle of pickling water and reduces wastewater discharge by approximately 10,000 tons annually.

The Group has established domestic sewage treatment facilities in Jinan, China, to promote reclaimed water reuse and water resource recycling, increase the proportion of reclaimed water used, and reduce fresh water consumption, thereby strengthening water resource management and achieving water conservation, lower consumption, pollution reduction, and improved efficiency.

ENVIRONMENT

During the reporting period, the Group continued to strengthen water resource management, focusing on water conservation, consumption reduction, pollution reduction, and efficiency improvement, and promoted the efficient use and green recycling of water resources through multiple measures. The Company continued to operate its reclaimed water reuse project, under which treated domestic sewage was used for toilet flushing, plant landscaping, and road spraying. In particular, during spring, summer, and autumn, most of the water used for landscaping and road spraying came from treated reclaimed water, thereby reducing fresh water withdrawal. At the same time, the Company clearly specified water metering management requirements in its energy metering management system, established a three-tier metering mechanism, continuously tracked water withdrawal and consumption of various facilities, and regularly calibrated metering equipment. No non-compliance in water use occurred during the year.

In addition, in strict accordance with the requirements of its energy management system, the Company regularly organized meetings to investigate and analyze current water usage conditions and the achievement of water-saving and energy-saving targets for various facilities, and formulated control measures accordingly. It further improved its water use and water conservation management systems, incorporated unit water consumption per product into the management assessment scope, and continuously monitored the implementation of water-saving measures.

In terms of routine supervision, the Company broke down its annual water-saving targets to each workshop, equipped them with compliant metering facilities, and carried out monthly inspections of water withdrawal and usage. These inspections covered the implementation of water management systems, the condition of metering facilities, the presence of leaks, spills, drips, and overflows, as well as the completion of rectification measures. All inspection results were recorded. Where non-compliance was identified, the relevant department was immediately notified to complete rectification within a prescribed timeframe, and follow-up inspections were arranged to ensure the effective implementation of the water withdrawal and usage management system.

To enhance water-saving awareness among all employees, the Company organized energy-saving and water-saving improvement assessments and encouraged staff to actively participate in the implementation of water-saving measures. Each workshop also organized study sessions on relevant national laws and regulations on water conservation, promoted the importance of water saving, emission reduction, and efficiency enhancement, and shared effective water-saving methods and practical experience among employees in different positions. At the same time, the Company regularly conducted exchanges and sharing sessions to improve employees' awareness of water conservation and reduce unreasonable water use as well as leaks, spills, drips, and overflows at the source.

During the reporting period, the Company also established a normalized water-saving inspection mechanism and assigned designated personnel to regularly inspect all water-use points and pipeline facilities, with a focus on identifying issues such as pipeline leakage, equipment water leakage, and unauthorized water use. Inspection records were maintained, and any identified problems were rectified promptly to reduce water wastage. At the same time, the Company strictly controlled fresh water withdrawal, allocated water use quotas to each department based on prescribed water consumption limits, and implemented surcharge management for water usage exceeding quotas, so as to strengthen water-saving awareness across departments and strictly control total water consumption.

In addition, all new projects were subject to water resource assessment in strict accordance with regulatory requirements, and water use was controlled in line with the approved water use plan indicators, in order to improve water resource utilization efficiency and promote green production.

A2. USE OF RESOURCES

The Group's operation and production mainly employs resources such as electricity, diesel, petrol, natural gas, and water. The Group is committed to improving energy efficiency and promoting comprehensive utilization, while gradually reducing energy consumption.

In 2025, the Group's energy and packaging material consumption are as follows:

Relevant Consumptions from Operation

Resources	Unit	Consumption	Intensity (based on production in tonnes)
Diesel oil	Litre	6,900	0.020105
Petrol	Litre	11,030	0.032139
Natural gas	Cubic metre	2,387,441	6.956413
Electricity	kWh in '000s	30,013	0.087450
Water	Cubic metre	82,501	0.240388

Packaging Materials	Unit	Consumption	Intensity (based on production in tonnes)
Paper boxes	Tonne	3,337	0.045353

Regarding measures to mitigate emissions, the Group closely monitors the level of energy consumption, GHG emissions and wastes disposed of its factory. Every year, the factory is required to set its respective energy and carbon reduction targets and come up with feasible measures to achieve them.

ENVIRONMENT

The details of policies and results achieved are listed as follows:

Projects	Details and results achieved
Light conservation	1. The Group formulates electricity consumption and energy conservation policies and formulates electricity consumption quotas and incentive policies; 2. Some areas of the company adopt automatic light-sensing control system; 3. Part of the company's lighting adopts LED lighting devices to save.
Water conservation	The Group do not encounter any problems in sourcing water for our daily operations, hence is not material to the Group. However, the Group still keeps reminding people in the production base of not wasting water. The Group has built a new sewage station to flush, green, and spray the treated reclaimed water. At the same time, it strengthened the management and utilization of reclaimed water. All greening in the factory area uses reclaimed water, and all flushing water in the workshop uses reclaimed water. Well water and tap water are only used as emergency backup water sources. Online water meters are installed for monitoring and measurement to maximize the use of water resources.
Air-conditioners	The temperature of office air conditioners in summer is controlled at not less than 26 degrees Celsius, and the temperature of office air conditioners in winter is controlled at not higher than 22 degrees Celsius to reduce the related power consumption. Do not use air conditioners during non-working hours. These measures effectively reduce power consumption.
Packaging materials conservation	Product packaging standards should be designed to avoid waste of resources and environmental pollution caused by excessive packaging. The company strictly implements the national packaging standards, relevant laws and regulations and does not design or produce excessive packaging products, nor does it purchase or sell excessive packaging products. For the packaging materials that can be recycled, try to recycle them as much as possible to improve the recycling rate of the packaging materials.

Projects	Details and results achieved
Hazardous waste management	The Group formulates relevant hazardous waste management plans to regulate the inevitable hazardous waste generated during the production process. The policies formulated by the Group are as follows: "Regulations on the Management of Hazardous Waste Galvanizing Dust"; "Regulations on the Management of Hazardous Waste Passivation Slag"; "Regulations on the Management of Hazardous Waste Used Filter Cotton and Activated Carbon"; "Regulations on the Management of Hazardous Waste Waste Oil"; "Regulations on the Standardized Management of Hazardous Waste"; "Regulations on the Management of Hazardous Waste Sludge"; "Regulations on the Management of Hazardous Paint Sludge"; "Regulations on the Management of Hazardous Waste Dust"; "Hazardous Waste Management Plan"; "Environmental Management Regulations for Waste Packaging Materials";

During the Reporting Period, the Group is not aware of any material non-compliance with use of resources.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

The production of the steel pipe products of the Group is closely related to environmental protection and the usage of natural resources. In addition to complying with relevant environmental laws and regulations and properly protecting the natural environment, the Group also incorporates the concept of environmental protection into its internal management and implementation process.

The Group has established a series of policies, mechanisms and measures on environmental protection and natural resources conservation to ensure the sustainable development and operation of the Group.

Actions taken by the Group on environment and natural resources conservation includes:

1. The Group is committed to improving energy efficiency, saving electricity and supervising greenhouse gases emission.

2. The Group adopts measures to increase utilization and reduce discharge of natural resources, so as to reduce waste of resources.

3. For solid wastes, the Group try to reuse them and make them to become reusable resources, so as to reduce the impact of emissions on the environment.

4. Formulate emergency response plans for the environment.

5. Formulate an environmental emergency drill plan, and carry out on-site emergency drills for environmental emergencies according to the plan.

In addition, the Group has taken the following actions and measures to offset and minimize the impact on the environment and natural resources:

1. Flue gas collection device meets the standard emission after treatment;

2. The newly built sewage station purifies domestic and industrial wastewater;

3. Formulate an environmental emergency drill plan and carry out on-site emergency drills for environmental emergencies according to the plan.

During the Reporting Period, the Group's energy use is strictly in accordance with national laws and regulations and is implemented in accordance with the company's system without violations. There is no significant impact on the environment and natural resources from the operations of the Group.

A4. CLIMATE CHANGE

The Group understands the importance of identifying and mitigating significant climate-related issues, and therefore the Group is committed to managing potential climate-related risks that may affect the Group's business activities. Extreme weather may cause damage and disruption to the Group's business. We have taken into account potential climate-related risks that present potential physical and transitional risks to the Group's business.

Strategy

The Group is committed to enhancing its business resilience against climate change and building itself as an environmentally responsible enterprise. The Group has refined its risk assessment procedures to analyze the potential impacts of climate change on its operations and value chain, thereby evaluating and formulating the most appropriate mitigation measures.

(i) Climate Risk Assessment

During the Reporting Period, the Group assessed the following physical climate risks and transition climate risks. Our assessment covered the Group's offices and production bases in China, Vietnam, Thailand and Malaysia.

Physical Risks

We define physical risks as risks related to the physical impacts of climate change, including (i) acute physical risks, such as increased severity of typhoons or floods; and (ii) chronic physical risks influenced by long-term changes in climate patterns (e.g., changes in average annual rainfall or temperature). The above acute and chronic physical risks may increase the risk of power shortages, disrupt supply chains, damage the Group's assets and cause operational interruptions and reduce revenue. Furthermore, both physical risks may increase costs for repairing or restoring damaged sites, hinder employee work, and even cause casualties.

The Group focused its assessment on the following physical climate risks, including:

- Frequent extreme weather events (e.g., heavy rainfall, extreme heat, intense cyclones, floods, droughts and water scarcity) that could adversely affect or pose potential risks to the construction and operation of the Group's projects.

- Long-term changes in climate patterns that could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.

Transition Risks

We define transition risks as the risks arising from the transition from the economy dependent on fossil fuel to a low-carbon economy, which may involve changes in policy, law, technology, markets and social culture. To achieve sustainable development, governments have successively enacted climate-related legislation or tightened regulations to support the global decarbonization vision. For example, the PRC government has recently promoted the goal to achieve "carbon peak by 2030, carbon neutrality by 2060", striving to improve the dual control system of energy consumption, including possible carbon taxes, compliance disclosures, and increased use of new energy by enterprises and households.

The Group focused its assessment on the following transition climate risks, including:

- The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.

- Changes in domestic and international climate change policies, as well as the evolution of global trends such as China's carbon peak and carbon neutrality targets, constituting relevant risk factors.

(ii) Climate Scenario Analysis

During the reporting period, the Group conducted a climate scenario analysis to better understand and respond to the potential impacts of climate change. The analysis covers physical and transition risks, with screening and assessment performed for each risk category. To better identify and analyze potential physical and transition risks the Group may face, we used the Intergovernmental Panel on Climate Change ("IPCC") Shared Socioeconomic Pathways ("SSPs") and the Network for Greening the Financial System ("NGFS") climate scenarios. This approach helps us better understand the resilience of our climate strategy and the potential impacts on core operations under climate variability, thereby enhancing our capacity to respond to climate change.

Physical risks		
Climate scenario	**Low-risk scenario** **SSP 1-1.9**	**High-risk scenario** **SSP 5-8.5**
Scenario description	(a) Rapid global phase-out of fossil fuels; global CO_2 emissions reach net zero around 2050. Renewables dominate, and electrification is widespread. (b) Large-scale afforestation. (c) Rapid development and deployment of low-carbon technologies including storage, hydrogen, and carbon capture and storage. (d) Global cooperation and strict effective climate policies, with consumer behavior shifting to low-carbon choices.	(a) Continued reliance on abundant, globally connected fossil fuel resources. (b) Technological innovation active but focused on extraction and consumption efficiency rather than low-carbon alternatives. (c) Lack of effective global carbon pricing or strict international climate agreements. (d) Global income gaps narrow and investment in human capital increases.
Projected warming	Warming below 2°C by 2100	Warming of 4.4°C by 2100

Transition risks		
Climate scenario	Low-risk scenario 2050 Net Zero	High-risk scenario Current Policies
Scenario description	(a) Immediate implementation of strict climate policies, with global CO_2 emissions reaching net zero around 2050. (b) Carbon pricing reached high levels early (about USD 100 per tCO_2e in 2020) and continues to rise rapidly, increasing costs for carbon-intensive goods and services and changing consumption and production patterns. (c) Deployment of carbon dioxide removal (CDR) technologies accelerates decarbonization, though scale is constrained by sustainability considerations.	(a) Maintain existing policies without additional emission pledges or measures. (b) Technological change is slow; fossil fuels still dominate the energy system. Renewables grow but do not disrupt the existing system. (c) Carbon pricing remains low and is insufficient to drive deep decarbonization.
Projected warming	Global warming contained below 1.5°C by 2100 (50% probability).	Warming exceeds 3°C by 2080.

We used these climate scenarios to assess the potential impacts of climate risks on the Group's production and operations, the severity of those risks, and how they link to strategic planning. The potential climate-related risks the Group faces are listed below.

Physical risks					
Risk category	Potential impacts	Risk level		Time horizon[1]	Mitigation measures
		SSP1-1.9	SSP5-8.5		
Frequent extreme weather events (e.g., heavy rain, extreme heat, severe cyclones, floods, droughts, and water shortages) may adversely affect or pose potential risks to the Group's facilities and events.	Production interruption caused by extreme weather may affect infrastructure such as power systems, drainage systems or production equipment, together with associated repair losses.	Low	Medium	Short-term	• The Group has formulated emergency arrangements and closely monitors our business operations. • Purchase insurance for the Group's production facilities and employees. • Communicate work arrangements to employees in advance under severe weather conditions to reduce the possible impact of physical risks. • The Group will identify such risks and prioritize those with severe impacts to take preventive measures at the earliest opportunity.
	Increased extreme weather may directly affect the operation of warehouses and production bases, e.g., stocks being flooded and damaged, leading to increased costs.	Low	Medium	Medium-term	
	Impact of extreme weather on logistics supply chains, production efficiency and employee commuting, leading to operational and financial losses.	Low	Medium	Medium-term	
Long term changes in climate patterns could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.	Long-term systematic temperature rise will increase the demand for temperature control (e.g., for stocks storage) and energy consumption, potentially leading to higher operating costs, accelerating the ageing of production equipment, and pushing up maintenance costs.	Low	Medium	Medium-term	
	High-temperature environments may expose employees to greater heat stress and health hazards, potentially affecting productivity and overall employee well-being.	Low	Medium	Medium-term	
	Climate change may alter the living habits of consumers in different regions, affecting product preferences and choices.	Low	Medium	Long-term	
	Occurrence of long-term climate risk events leads to reduced insurance claims.	Low	Medium	Short-term	

[1] The time horizons are defined based on the periods during which climate-related risks may impact the Group's operations. The short term is defined as 1 to 3 years, the medium term as 3 to 5 years, and the long term as 5 to 10 years. These selected timeframes are widely adopted within the industry and align with our short-to-medium-term carbon reduction targets and initiatives.

Transition Risks					
Risk Category	Potential Impact	Risk Level		Time Horizon	Mitigation Strategy
		Net Zero 2050	Current Policies		
The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.	In the future, due to stricter carbon emission regulations, production equipment with high energy consumption may be subject to additional taxation or use restrictions, increasing R&D costs.	Medium	Low	Medium-term	• The Group actively introduces new environmentally friendly equipment and gradually phases out high-energy-consumption facilities in line with national new energy policies. • The Group will regularly monitor existing and emerging climate-related trends, policies and regulations, and obtain compliance advisory services when necessary to avoid reputational risks arising from slow response. • The Group continues to assess the effectiveness of its climate change actions and enhance its capacity to address climate-related matters. • Encourage employees to participate in meetings and training to stay abreast of the latest technological developments.
	As energy transition and tighter regulations on chemical composition occur, prices of some raw materials may rise due to increased decarbonization costs of upstream suppliers.	Medium	Low	Long-term	
	The Group's products may need to adapt to various demands raised by potential customers regarding climate-related issues.	Low	Low	Medium-term	
Changes in domestic and international climate-change policies, as well as the evolution of global trends such as China's Carbon Peak and Carbon Neutrality targets, constitute relevant risk factors.	Tightening of relevant policies and/or regulations leads to increased costs of compliance, including but not limited to increased operating costs, insurance costs, compliance costs and penalties for non-compliance.	Medium	Low	Medium-term	
	Stricter disclosure requirements for environmental data, and customers conducting carbon footprint audits on partners, thereby increasing management complexity.	Medium	Low	Medium-term	

Although the Group notes the many challenges described above, it is also mindful of the opportunities presented by climate change. Market demand for low-emission products may bring business opportunities. The Group is committed to seizing emerging business opportunities, keeping pace with the times, and pursuing developmental opportunities.

(iii) Business Model and Value Chain

Climate-related Risk	Current Impact	Expected Impact
Frequent extreme weather events (e.g. heavy rainfall, extreme heat, intense cyclones, floods, drought and water scarcity) that could adversely affect or pose potential risks to the construction and operation of the Group's projects.	Persistent extreme heat and heatwaves will pose challenges to the Group's operations in China and Vietnam. Extreme heat may lead to a sharp rise in energy demand, further burdening infrastructure. Heavy rainfall may trigger unpredictable flash floods, damage our infrastructure and affect Group operations.	Increased severity of extreme weather events may endanger the Group's property and equipment investments. Acute floods may cause power failures, rendering our production lines inoperable and resulting in the loss of critical production batches.
Long-term changes in climate patterns could constitute chronic climate risks for the Group, such as sea level rise or prolonged heatwaves caused by sustained high temperatures.	The Group's current office and production base operations require water resources. Long-term temperature rise will increase water usage.	Continued temperature rise will require the Group's cooling systems to pay higher energy bills, potentially increasing the Group's operating expenses and R&D expenditure.
The complex ways in which climate change affects markets, such as altering the supply and demand of certain commodities, products and services.	The Group's suppliers may pass on the cost of low-carbon transition to raw material prices. At the same time, market attention to "sustainable R&D" has increased, affecting institutional investors' valuation of the company.	As the global economy transitions to low carbon, market demand for low-carbon emission processes may increase. In addition, climate change may alter consumer habits, affecting the Group's products and market positioning.
Changes in domestic and international climate change policies, as well as the evolution of global trends such as China's carbon peak and carbon neutrality targets, constitute relevant risk factors.	The Group currently needs to invest additional resources to comply with tightened climate change-related policies and/or regulations.	More resources will need to be invested to comply with relevant policies and/or regulations.

(iv) Strategy and Decision-making

The Group recognizes the importance of identifying and mitigating any material impact of climate change and has incorporated climate-related risk analysis into its core risk appetite setting to address identified climate risks. In terms of current and expected changes to the business model and resource allocation, the Group has actively aligned itself with national new energy policy development, gradually phasing out old high-energy-consumption equipment and introducing new environmentally friendly facilities.

Regarding current and expected mitigation efforts, the Group is committed to reducing greenhouse gas emissions and energy consumption and contributing to the transition to a low-carbon economy. We adhere to the "3R" environmental policy in our business operations, i.e., minimize waste, reuse resources, and recycle waste materials. We have established a paperless working environment, requiring the use of electronic documents instead of paper documents to reduce paper waste, and implemented policies on waste management. At the same time, the Group has established comprehensive adaptation measures for physical risks, including implementing "emergency plans" and work arrangements for employees under severe weather conditions to ensure continuity of operations. We also purchase insurance for production facilities and employees, and take preventive measures by prioritizing risks with severe impacts.

Furthermore, the Group recognizes that human resources are the foundation of business development and therefore provides climate-related occupational health and safety training to R&D personnel on a regular basis, enhancing their ability to cope with operational interruptions caused by extreme weather. The Group will continuously monitor emerging climate-related trends, policies and regulations, and obtain professional compliance advisory services when necessary to avoid reputational risks arising from slow response. By continuously evaluating the effectiveness of climate actions and enhancing its response capabilities, the Group is committed to achieving sustainable development in a challenging climate environment.

SOCIAL

B1. EMPLOYMENT

In line with the rapid development of the Group's business, human resource management and the introduction of talents are particularly important to the Group. The Group regularly analyzes the existing remuneration system and incentive mechanism to optimize the remuneration structure and ensure that the remuneration of employees is at a reasonable level in the market and is competitive. The promotion and rewards of employees are determined based on their performance, experience and current market condition. In addition to striving to attract and retain outstanding employees, the Group also explores recruitment channels to recruit talents to ensure the sustainability of the business development of the Group.

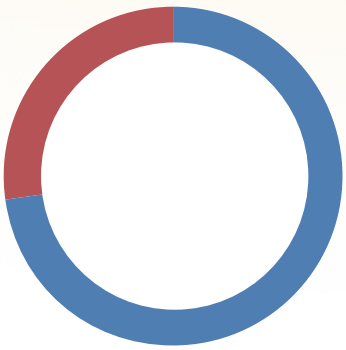
According to the provisions of applicable laws and regulations in China, the Group contributes to social insurance and housing provident fund accounts of employees in mainland China. The Group has contributed to the retirement funds of China employees in accordance with applicable laws and regulations in China. The Group has complied with relevant laws and regulations in China on social insurance and housing provident fund and retirement fund contributions in major respects.

The Group values equal employment opportunities that employees should enjoy. Employee recruitment adheres to equality between men and women and ethnic equality. The Group has set up a trade union and promised to maintain the independence of the trade union. During the Reporting Period, it does not encounter any major labor disputes or other labor waves.

As 31 December 2025, the group had a total of 1,313 employees. The chart below shows the distribution and turnover rates of the workforce by different categories:

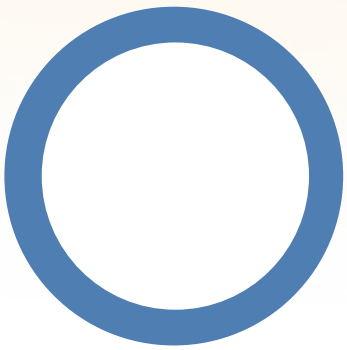
Category	Staff number	%
By Sex		
Male	964	73%
Female	349	27%
By Employment Nature		
Full-time	1,313	100%
Part-time	–	–%
By Age Group		
30 or below	332	25%
31 to 40	405	31%
41 to 50	408	31%
51 or above	168	13%
By Location		
China	1,053	80%
Hong Kong	2	0%
Vietnam	158	12%
Thailand	89	7%
Malaysia	11	1%

By Sex



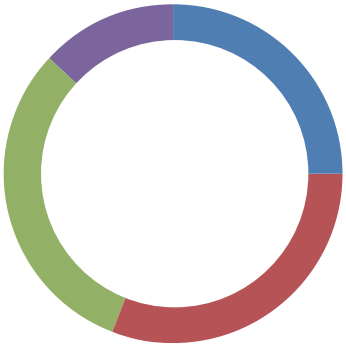
Male	73%
Female	27%

By Employment Nature



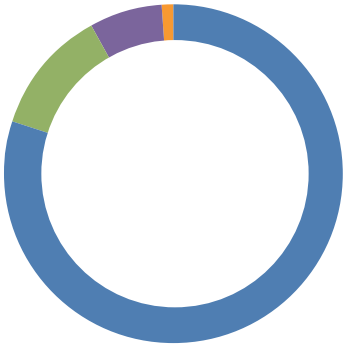
Full-time	100%
Part-time	0%

By Age Group



30 or below	25%	41 to 50	31%
31 to 40	31%	51 or above	13%

By Location



China	80%	Vietnam	12%
Hong Kong	0%	Thailand	7%
Malaysla	1%		

The employee turnover rates by gender, age group and region are as follows:

Type	Percentage
By gender	
Male	8.26%
Female	4.43%
By age group	
30 or below	10.59%
31 to 40	8.17%
41 to 50	6.34%
51 or above	0.61%
By region	
The PRC	7.91%
Vietnam	2.63%
Thailand	8.05%

Compliance with relevant laws and regulations

During the Reporting Period, the Group was not aware of any material violations of the relevant laws and regulation including but not limited to "Labor Law of the PRC", the "Social Insurance Law of the PRC", the "Hong Kong Employment Ordinance" and the "Hong Kong Employee Compensation Ordinance" and related remuneration and dismissal, recruitment and promotion matters concerning working hours, vacations, equal opportunities, diversification, anti-discrimination and other applicable laws and regulations of other benefits and benefits that have a significant impact on the Group.

B2. HEALTH AND SAFETY

The Group is committed to provide employees with a healthy and safe working environment. It has implemented safety guidelines applicable to all employees. It aims to further promote occupational health and workplace safety and ensure compliance with applicable laws and regulations. The Group provides employees with adequate training on occupational safety and prevention from occupational hazards, and organizes annual health examinations for qualified employees in accordance with applicable laws and regulations.

To ensure that employees strictly abide by internal regulations, the Group has issued and registered internal labor regulations that require workplace order, occupational safety, asset protection, crisis management, and fire safety, and strictly abide by the "Fire Protection Law of the PRC" and "The Law of the PRC on Prevention of Occupational Disease" and "The PRC Production Safety Law". The Group has formulated and adopted measures and obtained the certification of GB/T45001–2020/ISO 45001:2018 Occupational Health and Safety Management System Requirements and Guidelines.

The annual number and rate of work-related fatalities and the number of days lost due to work-related injuries are as follows:

	Number
Work-related fatality	0
Percentage of work-related fatality	0%
Number of days lost due to work-related injuries	0
Number of cases of work-related injuries	0

There have been no work-related fatalities among the employees of the Group in the past three years.

Compliance with relevant laws and regulations

During the Reporting Period, the Group has fully complied with relevant laws and regulations, including but not limited to: China's occupational health and safety laws and regulations, the "Hong Kong Occupational Safety and Health Ordinance" and other applicable laws and regulations that provide a safe working environment and protect employees from occupational hazards or any regulations and matters that have a significant impact on the Group.

B3. DEVELOPMENT AND TRAINING

The Group believes that nurturing quality staff is particularly important for the long-term development of the enterprise, so it has a policy to provide employees with sufficient training to ensure that they can carry out their work safely and with due diligence. Employees in different positions and functions are provided with various training and development programs related to their necessary skills and knowledge.

Each production base of the Group provides necessary training for relevant operation positions every year. The training content includes pre-employment training for new employees, post functions, technical operations, safety knowledge and regulations training and counselling. Through effective employee training programs, the professional skills of employees can be enhanced. During the Reporting Period, certain external training expenses recommended to employees are borne by the Group to improve the quality of employees and ensure that employees' professional skills, technology and knowledge keep pace with the times.

The Group values work-life balance and encourages employees to participate in leisure activities to enhance team spirit, sense of belonging and morale, and to create a harmonious working environment.

The average training hours completed by each employee by gender and employee category are as follows:

Employment category	Male	Female
Management		
Number of employees who participated in training	79	15
Total training hour	5,500	1,050
Office employee		
Number of employees who participated in training	127	60
Total training hour	15,260	7,250
General employee		
Number of employees who participated in training	730	302
Total training hour	14,660	6,000

B4. LABOUR STANDARDS

The Group strictly follows the requirements of relevant labor laws, and all applicants must be over the local legal requirements. The Group strictly prohibits the use of child labor and adopts a comprehensive selection and recruitment process in this regard. When recruiting new employees, the Group conducts recruitment openly according to the qualifications of different positions and so qualified personnel can be hired. At the same time, the Group has appropriate internal policies to ensure that underage or coerced persons are never employed.

The Group attaches great importance to the development of human capital and provides employees with competitive remuneration and benefits. Employees can also enjoy various other benefits in accordance with local regulations. The Group provides support to employees in all aspects, strives to retain talents and care for the development of employees.

Compliance with relevant laws and regulations

During the Reporting Period, the Group has fully complied with relevant laws and regulations, including but not limited to: the "Special Protection Regulations of Juvenile Workers of the PRC", "Prohibition of the Use of Child Labor in the PRC" and other laws and regulations regarding the prevention of child labor or forced labor.

B5. SUPPLY CHAIN MANAGEMENT

The raw materials of the Group's production bases are mainly purchased externally, so there are corresponding inspection and selection procedures for raw material suppliers. In terms of supply chain management, the Group has taken several sustainable development measures, including but not limited to:

(i) Formulate supplier evaluation policies applicable to raw material suppliers and contract manufacturers in accordance with GB/T1.1–2009 "Guidelines for Standardization Work Part 1: Standard Structure and Preparation". Select, evaluate and follow up standardization of actions of suppliers. Adopt a supplier evaluation system for selecting new suppliers and evaluating the performance of existing suppliers;

(ii) The professional and experienced procurement team is responsible for selecting and evaluating suppliers, the quality control team is responsible for testing raw materials, and the technical team is responsible for technical and compliance requirements;

(iii) Implement policies to monitor the quality of incoming raw materials provided by suppliers. The procurement team evaluates the raw material suppliers with reference to the quality, price and efficiency of the raw materials supplied;

(iv) "Supplier management and quality assurance system" is set up to record all supplier information, such as product quality, production capacity, delivery time and other important indicators.

The Group is aware of the importance of safety, quality and environmental and social risk control, so it has formulated and implemented a comprehensive management system for safety, quality and environmental and social risk management.

The number of suppliers by region is as follows:

By Location	Number of Suppliers
The PRC	796
Vietnam	216
Thailand	63
Singapore	1
Malaysia	12

B6. PRODUCT RESPONSIBILITY

The Group values the product quality and corporate reputation, and imply internal control procedures in monitoring the product and service quality. The Group has also maintained communication with customers to ensure that it understands and meets customer needs and expectations, and hopes to understand customer satisfaction in order to continuously improve the Group's products and services. The Group strictly follows the national and local laws and regulations such as "Product Quality Law of the People's Republic of China", the "Consumer Protection Law of the People's Republic of China" and the "Advertising Law of the People's Republic of China". The Group has formulated and adopted measures and obtained the certification of the GB/T19001-2016/ISO 9001:2015 quality management system requirements.

In addition, the Group also has its internal policy to ensure the product and service quality is maintained and respective methods of redress, including but not limited to:

1. Standard of Product Packaging and workflow management

2. Quality mutual control management process

3. Quality record management and supervision and inspection regulations

4. Product liability insurance management regulations

5. Management regulations for handling customer quality complaints

The Group places vast efforts on protecting the privacy of its customers, supplier, partners and employees during collection, process and use of confidential data. The Group has established the following internal policies to govern:

1. Regulations on the maintenance and management of overseas customer files

2. Intellectual property management system

3. Intangible asset management system

During the Reporting Period, there were no products recalled by the Group due to safety and health reasons. In addition, no complaints were received about the products and services delivered that could have a material impact on the Group's operations.

During the reporting period, the Group is not aware of any material non-compliance relating to health and safety, advertising, labelling and privacy matters relating to products and services provided.

B7. ANTI-CORRUPTION

The Group believes that a clean corporate culture is the key to the Group's continued success and therefore the Group attaches great importance to anti-corruption and upholding integrity. The Group strictly abides by "the Company Law of the People's Republic of China", "the Bidding Law of the People's Republic of China", "the Anti-Unfair Competition Law of the People's Republic of China" and "the Interim Provisions on Prohibition of Commercial Bribery" and other laws and regulations, requires all Employees must strictly abide by it, and establishes a business philosophy and corporate image with law-abiding integrity and high-quality service as the core by strengthening the internal control mechanism.

The Group has established the "Integrity and Self-discipline Management System", and also developed an internal control and monitoring system to prevent bribery, extortion, fraud and money laundering. During the Reporting Period, the Group has fully complied with the "Criminal Law of the People's Republic of China" and "Anti-Money Laundering Law of People's Republic of China" and no corruption case was noted or reported.

Whistleblowing system

To achieve and maintain the highest standards of openness, integrity and accountability, the Group has also established a whistle-blowing system that allows employees of the Group to anonymously report any form of misconduct or irregularity to the Company's audit committee. Reports and complaints received will be addressed promptly and fair treatment. Anyone found to have caused harm or retaliation against a person who raised a concern under this policy will be subject to disciplinary action.

We regularly provide anti-corruption training to employees and management to enhance their anti-corruption awareness. During the Reporting Period, the Group or its employees did not have any concluded corruption lawsuits.

B8. COMMUNITY INVESTMENT

The Group believes that building good relationships with the local communities is the key factor for the enterprise to succeed in business. The Group is keen to communicate with the community around the production base to better understand their needs and provide necessary supports by taking into consideration of the communities interests, which mainly includes assisting vulnerable groups, participating in voluntary work and actively supporting the charity business of the surrounding communities.

The Group respects the basic value and dignity of individuals, encourages employees to actively participate in work-life balance activities and community services to establish a good relationship with the community. Related activities include various cultural activities, employee outdoor activities, community voluntary work and activities organized by charitable organizations.

During the Reporting Period, in addition to identifying regular community activities, the Group has also organized donation activities for poor employees to subsidize employees whose family members are sick in the form of cash. During the Reporting Period, the group provided RMB64,000 of assistance to disadvantaged employees.

CLIMATE-RELATED DISCLOSURES CONTENT INDEX

This content index has been prepared in accordance with the HKEX ESG Code and the International Sustainability Standards Board (ISSB) IFRS S2 – Climate-related Disclosures.

Core Area, Aspect, General Disclosure and Key Performance Indicators		Section/Disclosure	Page
Governance			
19(a)(i) – (iv)	Disclose the oversight of climate related risks and opportunities by governance bodies (e.g., the Board), including member skills, frequency of information receipt, decision making processes, and how metrics and targets are overseen.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
19(b)(i) – (ii)	Disclose management's role in monitoring and managing climate related risks and opportunities, including whether specific positions are assigned and related control procedures.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
Strategy			
20(a) – (d)	Describe climate related risks and opportunities that may affect financial position, including risk types (physical/ transition), affected time horizons (short/medium/long term) and definitions.	For climate related opportunities in each period, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
21(a) – (b)	Describe the current and expected impacts of climate related risks and opportunities on the business model and value chain, and where these risks are concentrated in the value chain.	For climate related opportunities in each period, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/

Core Area, Aspect, General Disclosure and Key Performance Indicators		Section/Disclosure	Page
22(a) – (b); 23	Disclose the response to climate related risks and opportunities and related plans, including resource allocation, transition plans, adaptation/ mitigation measures, how resources are deployed, and the progress of plans disclosed in previous annual reports.	The Group is still conducting further internal discussions on climate related transition plans; where feasible, they will be discussed further in subsequent reports. For climate related opportunities, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
24(a) – (b)	Disclose the current impact of climate related factors on financial performance and position during the reporting period, as well as items that may be subject to material adjustments in the following year.	The Group is still conducting further financial analysis and internal discussions, and plans to disclose the financial impacts of current climate related risks and opportunities in future reports where feasible.	/
25(a) – (c)	Disclose the expected impact of climate related risks and opportunities on financial position and cash flows over the short, medium and long term, including investment/financing plans.	The Group is still conducting further financial analysis and internal discussions, and plans to disclose the financial impacts of current climate related risks and opportunities in future reports where feasible.	/
26(a) – (b)	Disclose climate resilience analysis, explaining how scenario analysis is used to assess resilience, including selected scenarios, assumptions, time horizons and adaptive capacity.	For climate related opportunities, we will regularly assess whether the relevant information qualifies for relief and, where feasible, discuss them further in subsequent reports.	/
Risk Management			
27(a) – (c)	Disclose the processes for identifying, assessing, prioritising and monitoring risks and opportunities, and how these processes are integrated into the overall risk management system.	Climate Change Response – Risk Management	20

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Metrics and Targets			
28(a) – (c)	Disclose absolute gross greenhouse gas emissions (tonnes of CO_2 equivalent), separately reporting Scope 1, Scope 2 and Scope 3 data.	Environmental Performance Summary	9
29(a) – (d)	Disclose the measurement methodology for greenhouse gases, assumptions, basis for selected categories, and measurement approach for Scope 2.	GHG Emission Environmental Performance Summary	9
30	Disclose the amount and percentage of assets or business activities vulnerable to transition risks.	The Group is currently reviewing analytical and quantitative methods available in the market to disclose the percentage of business vulnerable to transition risks.	/
31	Disclose the amount and percentage of assets or business activities vulnerable to physical risks.	The Group is gathering additional data and information (e.g., financial impacts, mitigation measures and residual risks) to disclose the percentage of business vulnerable to physical risks.	/
32	Disclose the amount and percentage of assets or business activities aligned with climate related opportunities.	The Group is currently reviewing more detailed analytical and quantitative methods available in the market to disclose the percentage of business aligned with climate related opportunities.	/
33	Disclose the amount of capital expenditure, financing or investment deployed for climate related risks and opportunities.	The Group is currently evaluating more sophisticated analytical and quantitative methodologies available in the market to disclose the capital expenditure, financing, or investment associated with climate-related opportunities.	/
34(a) – (b)	Explain whether and how internal carbon pricing is applied, and disclose the specific carbon price.	The Group does not currently apply carbon pricing in its decision making.	/

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35	Explain whether and how climate related performance is considered in remuneration policies.	The Group has not yet linked climate related performance to remuneration incentives when formulating its remuneration policy.	/
36	Encouraged disclosure of industry specific metrics relevant to the particular business model or industry characteristics.	Not applicable	/
37(a) – (h)	Disclose climate related targets and their details: metrics, objectives, scope, period, base period, milestones, absolute/intensity nature, and reference to international agreements.	Environmental Targets	24
38(a) – (d)	Disclose the method for setting and reviewing targets, including whether verified by a third party, review process, and revision records.	ESG Governance; Environmental Targets	24
39	Disclose actual performance against targets and trend analysis.	Environmental Targets; Climate Change Response – Metrics and Targets	22
40(a) – (e)	Disclose additional details of greenhouse gas emission targets: gases and scopes covered, gross/net target, decarbonization pathway, and use of carbon credits.	Climate Change Response – Metrics and Targets	22
41	When preparing disclosures related to strategy and targets, consider the applicability of cross industry metrics and industry specific metrics.	Not applicable	/