CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

中國航天國際控股有限公司

(Stock Code: 31)

2025

Environmental, Social and Governance Report

CONTENTS

1. Board of Directors' Governance Statement on Environmental, Social and Governance 2

2. Corporate and Report Basic Information

2.1 Principal Business 3

2.2 About this Report 4

2.3 Scope of Reporting 4

2.4 Principle of Reporting 4

3. Communication with Stakeholders and Assessment of Material Issues 5

4. Environment

4.1 Emissions and Pollution Prevention 8

4.2 Resource Consumption 11

4.3 Environmental and Natural Resources Management System Measures 13

4.4 Climate-related Disclosures 14

4.4.1 Strategy 14

4.4.1.1 Scenario Analysis Timeframes 14

4.4.1.2 Climate Scenarios 15

4.4.1.3 Risk Identification 17

4.4.1.4 Resilience to Climate Change 20

4.4.1.5 Limitations and Future Improvements 21

4.4.1.6 Climate Opportunities 21

4.4.1.7 Financial Impacts 22

4.4.2 Risk Management 23

4.4.3 Indicators and Targets 23

4.4.3.1 Targets 23

4.4.3.2 Indicators 24

5. Social

Employment and Labour Practice

5.1 Employment-related Employee Rights and Labour Standards 25

5.2 Employee Health and Safety 27

5.3 Employee Development and Training 29

Operating Practices

5.4 Supply Chain Security and Management 30

5.5 Product Responsibility and Service Management 32

Community

5.6 Social Contribution and Investment 34

6. Governance

6.1 Governance Strategy and Organizational Structure 35

6.2 Standardized Governance 36

Conclusion 37

Index of Environmental, Social and Governance Report 38

1. BOARD OF DIRECTORS' GOVERNANCE STATEMENT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board of Directors (the "Board") of China Aerospace International Holdings Limited (the "Company") continues to oversee Environmental, Social and Governance ("ESG") and climate-related issues, ensuring that operations comply with applicable laws and regulations in various locations and safeguarding the interests of stakeholders. Through the implementation of stringent quality control measures and cost management initiatives embedded throughout the strategic operational framework, the Company is committed to minimizing environmental impacts in production processes. The Company focuses on advanced manufacturing and modern service industries as its core capabilities, and is committed to promoting technological innovation and professional manufacturing. The Company also focuses on providing high-quality and high-efficiency supply chain and industrial chain services, providing customers with professional, efficient, safe and environmentally friendly products and services, with continuous efforts to become an international enterprise with significant innovation capabilities and continuous value creation for customers.

The Company collects environmental, social and governance, and climate information on a regular basis through different functional departments and working groups, and then consolidates and analyses such information. At the board meeting, board members will review ESG performance disclosed in the report, regarding the status of suitability and compliance with our business strategy, and identify the sustainability topics being material to the Company and stakeholders, so as to make appropriate decisions and adjust the relevant strategies as necessary. The Company has established an Environment, Social and Governance Committee (the "ESG Committee") since 2021. In 2025, the ESG Committee comprised Mr Wang Hui (Chairman of ESG Committee), the Chairman and Executive Director, Mr Liu Yong, a Non-Executive Director and Mr Luo Zhenbang, an Independent Non-Executive Director. The ESG Committee has set up an ESG Working Group, led by a senior management member of the Company, and management personnel of the relevant companies within the reporting scope as members, to assist in performing the above work and responsibilities, and regularly reports to the ESG Committee and the Board on relevant policies, measures, project progress, objectives and effectiveness. The Board receives regular reports to understand the effectiveness of the ESG plan and the potential impact of ESG and climate-related issues on the Company's business model and related risks. After consideration and review, the management of the Company has confirmed to the Board that the Company's ESG and climate-related policy continues to be effective.

The Company has always attached great importance to the communication and interaction with stakeholders. During the reporting period, the ESG Committee and the ESG Working Group have conducted a questionnaire survey on ESG stakeholder engagement to collect opinions from Directors, employees, suppliers and customers respectively, so as to assist the Board and the management to understand the current ESG performance. Through the survey, material issues would be identified with the results of the materiality assessment, which enables the Company to establish strategic sustainability priorities and refine its governance for sustainability. The Company aims to benchmark the findings from stakeholder engagement surveys against market standards and expectations, thereby optimizing relevant sustainable development policies in the future to address the needs of stakeholders. The results of the materiality assessment indicated that "product quality", "product safety" and "occupational health and safety" are the three most important ESG aspects of the Company.

On the other hand, the Board is responsible for evaluating and determining the Company's ESG-related risks, and ensuring that the Company establishes appropriate and effective ESG risk management, internal control systems and countermeasures. After taking into account historical operating experience, industry trends and cost analysis, the Directors provided their views on the levels of risks posed to the Company by different ESG issues. After analysis, the issues were prioritized, among which the risks of "product quality", "product safety" and "product innovation" were the highest. The Board will take corresponding measures in response to the analysis results, continuously improve the Company's ESG performance in response to the above-identified material issues and related risks, and make disclosures in this ESG Report.

The Board is deeply aware of the critical importance of setting ESG and climate-related performance goals for the Company's sustainable growth and fulfillment of corporate responsibilities. As an enterprise engaged in both the manufacturing and service industries, the Company's daily production and operations unavoidably involve the consumption of energy and water resources, accompanied by the generation of emissions and waste. The Company has established clear and measurable performance goals, setting a short-term carbon emissions reduction targets: to reduce Scope 1 and Scope 2 emissions by 28% from 2022 levels by 2030. This aligns with the objectives of the Paris Agreement and contributes to the Chinese government's commitment to achieving carbon neutrality by 2060, while continuously enhancing ESG performance, mitigating its environmental footprint, and promoting sustainable resource management of the Company. Given the increasing global focus on sustainable development, the Board has integrated ESG and climate-related considerations into the Company's long-term strategic planning. In the face of challenges such as changing market conditions, stricter regulatory requirements, and intensifying industry competition, the Company upholds its sustainability commitments. The Board will continue to lead the ESG Committee and the ESG Working Group in addressing material ESG issues, ensuring that the Company's sustainability strategy remains aligned with industry best practices and stakeholder expectations.

The core of the Company's ESG and climate-related disclosures efforts lies in establishing and implementing measurable goals to drive operational performance. The Company closely monitors and manages key performance indicators (KPIs) related to environmental impact, including total greenhouse gas emissions, waste generation, and energy and water efficiency. To achieve these goals, the Company establishes supporting management systems, adopts industry-leading environmental protection measures, and utilize innovative technologies to enhance efficiency and reduce waste. The Company conduct regular performance evaluations and progress reports, with reference to the "Governance, Strategy, Risk Management, Metrics, and Targets" framework set out in the "Environmental, Social and Governance Reporting Code" in the Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange ") and its latest climate-related disclosure requirements, to measure progress towards ESG and climate goals and drive continuous improvement. Meanwhile, the Company is committed to enhancing employee capacity building to ensure professional competence in addressing complex ESG and climate-related challenges. Through these efforts, we are committed to strengthening sustainable development resilience, creating long-term value for stakeholders, and generating positive impacts on the environment and society.

2. CORPORATE AND REPORT BASIC INFORMATION

2.1 PRINCIPAL BUSINESS

The Company and its subsidiaries mainly engage in the research and development, design, specialized production, sales and services of the hi-tech manufacturing business such as plastic products, semiconductor products, electronic products and power products, as well as the property management business of Shenzhen Aerospace Science & Technology Plaza, with its principal place of business in Mainland China and Hong Kong.

The Company focuses on its dual core businesses of advanced manufacturing and modern services, leveraging the synergistic advantages of both domestic and international markets and resources. It deepens reform and innovation to drive high-quality development. The hi-tech manufacturing business is the major cornerstone of the Company's revenue and the principal source of the Company's profit and cash flow, while the property management business of Shenzhen Aerospace Science & Technology Plaza also generates rental and management fee income for the Company. The Company continues to identify and pursue new business opportunities, in order to optimize its industrial chain and reduce the risks associated with its business operations, and thereby creating value for shareholders.

2.2 ABOUT THIS REPORT

This Environmental, Social and Governance Report (the "Report") discloses the performance of the Company in respect of environmental, social and governance issues from 1 January 2025 to 31 December 2025.

The Report has been prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Code" in Appendix C2 to the Listing Rules. The climate-related disclosures in the Report have been aligned with and prepared by reference to the International Financial Reporting Standards (IFRS) S2 Climate-related Disclosures and the new climate-related disclosure requirements issued by the Hong Kong Stock Exchange.

Information on the Company's corporate governance practices is contained in the Corporate Governance Report of the Company's 2025 Annual Report.

2.3 SCOPE OF REPORTING

Unless otherwise stated, the Report defines its reporting scope based on the principle of materiality, and taking into accounts the Company's core business, main income sources and the relationship between the business and the environment and society. The ESG, climate-related performance, policies and management measures disclosed in the Report include a number of major technology industrial enterprises in Mainland China, including Chee Yuen Plastic Products (Huizhou) Company Limited ("Huizhou Chee Yuen"), Conhui (Huizhou) Semiconductor Company Limited ("Conhui Semiconductor"), Dong Guan Hong Yuen Electronics Co., Limited ("Dong Guan Hong Yuen"), and Huizhou Jeckson Electric Company Limited ("Huizhou Jeckson"). These enterprises are engaged respectively in the manufacturing and sales of plastic products, semiconductor products, electronic products and power supply products (hereinafter referred to as the "Major Industrial Enterprise(s)"), where revenues and profits of respective Major Industrial Enterprise accounted for a significant portion of their respective businesses. In addition, the Report also covers an indirect subsidiary of the Company in Mainland China, Shenzhen Aerospace Technology Property Management Company Limited ("Aerospace Property Management"), which is responsible for the property management of Shenzhen Aerospace Science & Technology Plaza. These enterprises are collectively referred to as the "Major Operating Enterprises".

2.4 PRINCIPLE OF REPORTING

This Report is prepared in accordance with the "Environmental, Social and Governance Reporting Code", Appendix C2 to the Listing Rules based on applies the following principles:

Materiality: In order to identify and assess material issues that have an impact on business stakeholders, the Company conducted a substantive assessment through a number of communication activities with business stakeholders to determine the environmental, social and governance issues that have a significant impact on investors and other stakeholders.

Quantitative: Quantitative principles are applied to all information in this Report, with performance indicators clearly defined and with units of measurement clearly indicated.

Balance: The information in this Report has been derived from the internal statistics and internal communication documents of the Company and does not contain any false statements and misleading representations and we are responsible for the truthfulness, accuracy and completeness of the contents.

Consistency: The Company prepared this Report in accordance with "Environmental, Social and Governance Reporting Code", Appendix C2 to the Listing Rules in reporting. If there are any changes that may affect the comparability with previous reports, a note will be added to the corresponding content of the Report.

Unless otherwise stated, the data for 2024 and 2025 in this Report adopts the same calculation method and is thus continuous and comparable.

3. COMMUNICATION WITH STAKEHOLDERS AND ASSESSMENT OF MATERIAL ISSUES

Stakeholder engagement helps the Company review potential sustainability risks and opportunities and has a significant impact on the Company's strategic development. Therefore, the Company strives to adopt the opinions of stakeholders (including shareholders, employees, suppliers and customers) and protect their interests through various constructive communication methods, and regularly reviews them to determine the long-term development direction of the Company and maintain a close relationship with them.

During the reporting period, in order to more clearly identify the environmental, social and governance issues of importance to the Company, the Major Operating Enterprises and stakeholders, we conducted a stakeholder communication exercise and a substantive assessment in which the management, internal and external stakeholders participated in a questionnaire survey. The assessment process was conducted with reference to the "Environmental, Social and Governance Reporting Code" and in accordance with the following steps:

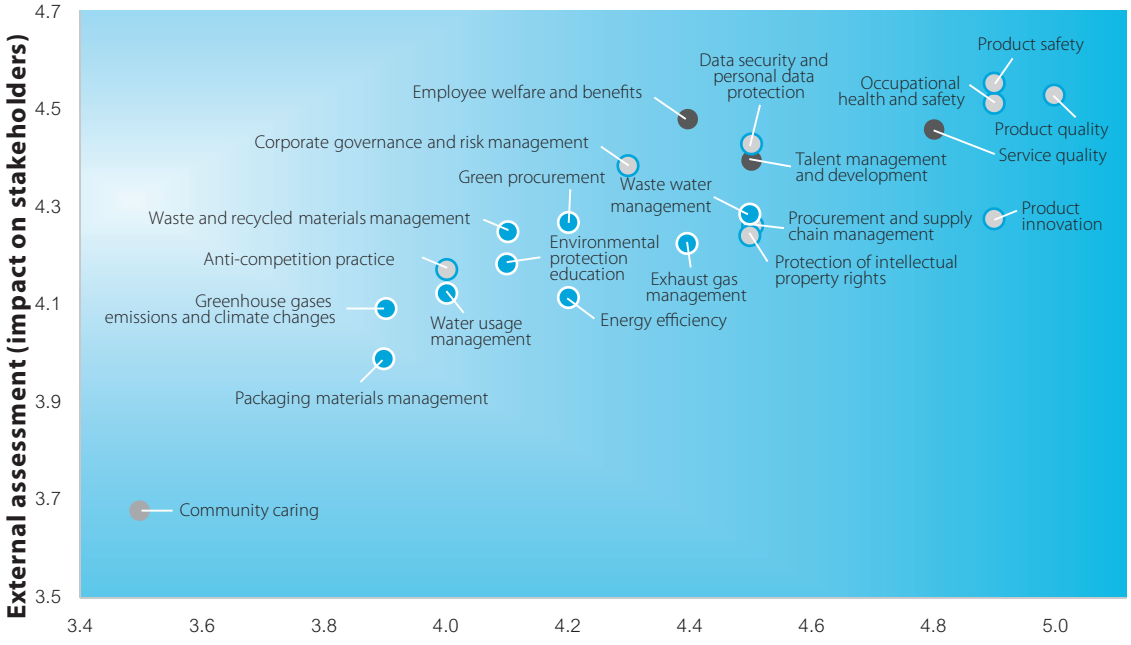
Step 1 Identify the material issues	Based on factors such as the Company's development strategy, industry development trend, capital market requirements and regulatory issue, the Company and the ESG Committee conducted preliminary internal assessment and identified 22 material sustainability issues, covering four major aspects, namely environment, employment and labour practices, operating practices and community investment.
Step 2 Collect the opinions from stakeholders	Regarding the identified material issues, the Company collected feedback from internal and external stakeholders through questionnaires and assessed the materiality of each relevant issue.
Step 3 Determine the material issues	The materiality of each issue was determined by two factors, namely its importance to stakeholders and the Company's impact on the issue, and a materiality matrix was developed with reference to the assessment results.
Step 4 Acknowledge the assessment results	The ESG Working Group reports the assessment results to the ESG Committee. The ESG Committee then presents them to the Board for approval, after which the final materiality assessment results are confirmed and follows up actions are implemented.

By analysing the results of the questionnaire survey, the Company and the Major Operating Enterprises were ranked in different areas among the 22 relevant issues as follows:

Environmental Protection	Employment and Labour Practices	Operational Practices	Community Investment
1. Greenhouse gas emissions and climate changes	10. Employee welfare and benefits	13. Procurement and supply chain management	22. Community caring
2. Exhaust gas management	11. Occupational health and safety	14. Product quality	
3. Waste water management	12. Talent management and development	15. Product safety	
4. Waste and recycled materials management		16. Product innovation	
5. Packaging materials management		17. Service quality	
6. Energy efficiency		18. Data security and personal data protection	
7. Water usage management		19. Corporate governance and risk management	
8. Environmental protection education		20. Protection of intellectual property rights	
9. Green procurement		21. Anti-competition practice	

Based on the above assessment process, the materiality of each issue to the Company's business and the importance of stakeholders were considered, and the results of the substantive issue analysis were obtained, as shown in the materiality matrix below (description from 0 to 5, with 5 being the highest score, i.e. the most important one):

Materality Matrix



For the substantive issues identified in the assessment, the Company and all Major Operating Enterprises have taken corresponding measures, which are detailed in the subsequent sections of this Report. The Company will continue to review and formulate corresponding ESG policies, strategies and objectives, and formulate appropriate response measures and control procedures. At the same time, the Company also continued to strengthen communication with stakeholders and optimize the disclosure of the ESG Report, with a view to continuously improving our ESG performance and enhancing the value and competitiveness of the Company in the future.

4. ENVIRONMENT

4.1 EMISSIONS AND POLLUTION PREVENTION

To strengthen environmental performance, each of the Company's Major Operating Enterprises has established and implemented management systems based on their respective industry characteristics and applicable standards and regulations. These include energy management systems, pollutant discharge and waste management control procedures, and hazardous chemicals safety management systems. They strictly comply with relevant national laws and regulations in Mainland China concerning waste collection, pollutant and noise emissions. The management of each enterprise is responsible for the formulation and implementation of these systems. To ensure that the treatment of exhaust gas, waste materials and wastewater meets the requirements of local ecological and environmental protection authorities, we continuously optimize our treatment methods. All exhaust gases undergo water filtration and adsorption filtration before being discharged, ensuring compliance with emission standards. Generated waste is sorted into designated bins for unified treatment, while domestic waste is handed over to the environmental sanitation management department. Furthermore, all Major Operating Enterprises declare hazardous waste through the dedicated webpage of the local environmental protection bureau and engage companies holding hazardous waste recycling permits for recovery. General waste is handed over to qualified renewable resource recovery institutions for processing. Wastewater is recycled and reused through water reclamation facilities within the treatment system to enhance the reuse rate and reduce discharge volume. Meanwhile, all Major Operating Enterprises engage qualified third-party organizations to regularly test whether the levels of noise, exhaust gas and wastewater emissions meet the standards. They also standardize the collection, storage and transfer of various types of industrial hazardous waste, aiming for waste reduction, compliance, and risk control, thereby mitigating impacts on the environment and community.

The Company places high importance on the compliant management and proper disposal of emissions and strictly adheres to relevant environmental protection laws and regulations. All Major Industrial Enterprises are primarily engaged in the production and sales of plastic products, semiconductor products, and electronic products. Their daily operations consume electricity, water resources and various materials, generating corresponding pollutants, waste and noise. Aerospace Property Management provides property management services for Shenzhen Aerospace Science & Technology Plaza, with its main emissions including exhaust gas, domestic waste and other waste. Given that serious violations of environmental regulations could lead to rectification requirements, fines, or even forced suspension of production and operation from regulatory authorities, thereby affecting production schedules and causing material adverse impacts on overall performance, the Company prioritizes emissions and waste management as key operational focuses. Through a combination of systematic procedures, process standardization and external monitoring, we continuously strengthen compliance and risk prevention and control, safeguarding the Company's stability and sustainable development.

All Major Operating Enterprises must comply with the relevant laws and regulations relating to exhaust gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and formulate corresponding management measures. It includes laws and regulations as follows: "The Atmospheric Pollution Prevention and Control Law" aims to protect and improve the environment, prevent and control atmospheric pollution, and safeguard the health of the general public; "The Energy Conservation Law" aims to promote energy conservation in the whole society, enhance energy utilisation efficiency, improve the environment, and promote comprehensive, coordinated and sustainable economic and social development; "The Cleaner Production Promotion Law" aims to reduce the generation of pollutants by raising the efficiency of utilisation of resources, safeguard the health of the general public, and promote the sustainable development of economy and society; "The Environmental Protection Tax Law" levies environmental protection tax on enterprises and other manufacturers and operators who directly emit pollutants to the environment for the purpose of reducing pollutant discharges; "Law on Prevention and Control of Environmental Pollution by Solid Waste" aims to prevent and control environmental pollution by solid wastes, protect the ecological environment, safeguard the health of the general public , promote modern ecological construction, as well as achieve the sustainable development of the economy and society; "The National Hazardous Waste Inventory" is applied to determine the categories of the solid wastes mixing hazardous wastes and other substances, as well as the nature of such wastes upon the utilisation and disposal; "The Law on Prevention and Control of Pollution from Environmental Noise" aims to prevent and control environmental noise pollution, improve the living environment, safeguard the health of the general public and promote economic and social development. In addition, all Major Operating Enterprises have undertaken to strictly comply with the regional laws and regulations relating to environmental protection in the areas where such enterprises are located.

All Major Operating Enterprises of the Company will identify emission sources, and collects and tabulates emission data monthly, as well as formulating the corresponding management plan and emission reduction plan, such as, the updated version of "2025 Greenhouse Gas Emission Inventory and Emission Reduction Program", "Annual Energy Management Plan for 2025" and "2025 Hazardous Waste Management Program". Several enterprises have also set specific targets, such as reducing greenhouse gas emissions by 3% compared to the previous year, reducing electricity consumption by 3%, and recycling 10% of waste originally scheduled to be sent to landfills. The main exhaust gases discharged by the Company's Major Industrial Enterprises in the production process include nitrogen oxide, hydrogen chloride and particulate matter. Several enterprises engaged third parties to measure the emissions. Overall, emissions have increased in 2025 as compared to those of 2024, mainly due to the increase in orders of several enterprises, which led to an increase in production volume and output value for the year. Nevertheless, with the implementation of various emission reduction measures, the emission intensity continued to improve.

In waste management, the generation of non-hazardous waste decreased compared to that of 2024, while the generation of hazardous waste increased. During the year, due to the increase in production volume and heightened product requirements of Dong Guan Hong Yuen, the usage of specialized chemical agents increased. A portion of these agents required disposal as hazardous waste, thereby contributing to an overall rise in waste emissions. Additionally, Huizhou Chee Yuen has increased maintenance frequency for its exhaust gas treatment equipment and the dismantling of outdated systems, resulting in higher volumes of waste such as activated carbon. To continuously improve hazardous waste management, Dong Guan Hong Yuen conducted regular evaluations of emission reduction measures throughout the year and enhanced maintenance of critical equipment to ensure the long-term stable operation of its film residue dewatering system. At the same time, by optimizing production processes and upgrading equipment efficiency, the facility significantly reduced film residue generation, thereby controlling hazardous waste emissions and maintaining emission intensity at a similar level as compared to the previous year.

The Major Operating Enterprises greenhouse gas emissions primarily stem from purchased electricity and fuel combustion. To fulfil corporate responsibilities in environmental protection and reduce emissions, the Company persistently implements emission reduction and energy conservation measures. During the reporting year, Dong Guan Hong Yuen purchased new energy commercial vehicles and plans to gradually replace existing fossil fuel-powered vehicles. This initiative aims to increase the proportion of assets utilizing low-carbon energy and reduce greenhouse gas emissions. Although energy consumption increased during the year, due to the simultaneous rise in annual production volume and output value, energy consumption intensity remained generally stable. Certain energy consumption intensity indicators even showed a decline, effectively reducing greenhouse gas emissions. Throughout the reporting period, waste, pollutant, and noise discharges from all Major Operating Enterprises largely complied with relevant legal standards. There were no material breaches of environmental protection regulations or incidents causing significant adverse environmental impacts.

In 2025, the KPIs for all Major Operating Enterprises relating to the emissions are in general as follows:

Emissions	Emissions in 2024	**Emissions in 2025**	**Unit**
Sulphur oxides	13.39	**14.72**	kg
Intensity	*0.0049*	***0.0052***	*kg/RMB million output value*
Nitrogen oxides	576.40	**607.63**	kg
Intensity	*0.21*	***0.21***	*kg/RMB million output value*
Hydrogen chloride	2,756.48	**2,911.33**	kg
Intensity	*1.01*	***1.02***	*kg/RMB million output value*
Particulate matter	5,526.19	**5,607.26**	kg
Intensity	*2.03*	***1.96***	*kg/RMB million output value*

Greenhouse Gases	Emissions in 2024	**Emissions in 2025**	**Unit**
Direct (Scope 1)	729.13	**807.45**	tonnes of carbon dioxide equivalent
Energy indirect (Scope 2)	95,764.46	**99,298.88**	tonnes of carbon dioxide equivalent
Intensity	35.47	**35.04**	*tonnes of carbon dioxide equivalent/RMB million output value*

Hazardous Waste	Emissions in 2024	Emissions in 2025	Unit
Hazardous waste produced	4,057.35	**4,356.52**	tonne
Intensity	*1.49*	***1.52***	*tonne/RMB million output value*

Non-hazardous Waste	Emissions in 2024	Emissions in 2025	Unit
Non-hazardous waste produced	3,234.33	**3,077.03**	tonne
Intensity	*1.19*	***1.08***	*tonne/RMB million output value*

The Company is committed to continuously reducing various types of emissions in the future and will disclose key performance indicators such as exhaust gas emissions, greenhouse gas emissions, and waste generation in its ESG Report to demonstrate the effectiveness of our approach and commitment to implementing this policy.

4.2 RESOURCE CONSUMPTION

The Company is deeply aware that the business operations of all Major Operating Enterprises rely on natural resources (including water resources and various materials), and that these resources are limited in availability, with some being non-renewable. To strike a balance between corporate development and environmental protection, the Company continuously adjusts its operational strategies and promotes green operation models to effectively reduce resource consumption and its environmental footprint. The Company actively encourages all Major Operating Enterprises to formulate energy management plans and annual energy-saving targets, aiming to reduce dependence on natural resources and mitigate adverse environmental impacts while achieving business growth. To realize emission reduction and efficiency improvement, optimization measures are implemented for fuel, energy, water resources and other raw materials. Where conditions permit, priority is given to utilizing renewable energy and enhancing material reuse. For example, some enterprises have set annual targets to reduce total annual electricity or water consumption by 3% compared to the previous year. The Company and its subsidiaries continue to promote the comprehensive adoption of office automation systems. Employees utilize functions such as internal document processing, document distribution, information dissemination, and policy review according to their authorized access. This not only shortens document circulation time but also effectively reduces paper usage. Meanwhile, the Company encourages employees to reduce the consumption of natural resources and adopt energy-saving measures. Through training and awareness campaigns, we aim to enhance employees' energy efficiency. All subsidiaries are required to strictly comply with environmental protection laws and regulations, ensuring adherence to relevant requirements during production and operation processes. All Major Operating Enterprises have also strengthened education on energy conservation and environmental awareness, implementing target management for water and electricity usage. Some enterprises have adopted rainwater collection systems, utilizing harvested rainwater for cleaning and landscaping purposes, thereby minimizing the demand for freshwater resources to the greatest extent possible.

In addition, the Company has undertaken a large-scale replacement of traditional lighting with LED energy-saving lamps and regularly phases out outdated technologies and high energy-consuming equipment, progressively reducing energy consumption and energy consumption intensity. During the year, Aerospace Property Management renewed the "Electricity Optimization and Power Supply Equipment Maintenance Contract for Aerospace Science & Technology Plaza", continuing to advance electricity optimization and equipment maintenance while implementing measures such as on-demand power supply and load management. Meanwhile, it compiles and analyses monthly total electricity consumption data, promptly investigating and addressing any anomalies. In public areas, automatic switches and intelligent lighting systems are widely applied, and indoor temperature settings are dynamically adjusted based on outdoor weather conditions to minimize unnecessary energy consumption and environmental impact. In terms of material management, the Company focuses on improving material usage efficiency and recovery rates, minimizing the use of disposable items as much as possible, and extensively utilizing reusable packaging materials to reduce waste and promote circular utilization.

The Company is committed to exploring and implementing effective green operational models, striving to reduce the consumption of natural resources, mitigate environmental pollution, and steadily advance towards the goal of achieving sustainable development.

In 2025, the KPIs for all Major Operating Enterprises relating to the use of resources are in general as follows:

Type of Energy	Consumption in 2024	**Consumption in 2025**	Unit
Non-renewable fuel (Direct)			
Liquefied petroleum gas	33.5	**0**	Thousand kWh
Intensity	*0.01*	***0***	*Thousand kWh/RMB million output value*
Natural gas	1,648.1	**1,744.1**	Thousand kWh
Intensity	*0.61*	***0.61***	*Thousand kWh/RMB million output value*
Environment-friendly fuel	0	**0**	Thousand kWh
Intensity	*0*	***0***	*Thousand kWh/RMB million output value*
Gasoline	529.0	**431.6**	Thousand kWh
Intensity	*0.19*	***0.15***	*Thousand kWh/RMB million output value*
Diesel	190.28	**217.60**	Thousand kWh
Intensity	*0.07*	***0.08***	*Thousand kWh/RMB million output value*
Purchase of energy (Indirect)			
Electricity	159,725.4	**165,353.1**	Thousand kWh
Intensity	*58.71*	***57.87***	*Thousand kWh/RMB million output value*
Intensity of energy consumption	*59.59*	***58.71***	*Thousand kWh/RMB million output value*

Water Consumption	Consumption in 2024	Consumption in 2025	Unit
Water consumption	1,254,746	**1,351,336**	tonne
Intensity	*461.17*	***472.97***	*tonne/RMB million output value*

Packaging Materials	Consumption in 2024	Consumption in 2025	Unit
Packaging materials used	4,745.3	**4,757.3**	tonne
Intensity	*1.74*	***1.67***	*tonne/RMB million output value*

4.3 ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT SYSTEM MEASURES

The Company and all Major Industrial Enterprises have consistently adhered to the principles of protecting the natural environment and promoting sustainable development, upholding the commitment to respect and safeguard biodiversity in all business activities. Biodiversity considerations are integrated into daily management and operational processes, with a focus on reducing operational pressures on natural resources and ecosystems, and continuously enhancing relevant management effectiveness. Throughout the production and operation processes, enterprises implement strict supervision, conduct environmental and social impact assessments as needed to identify sensitive areas and potential impacts, and accordingly formulate and implement targeted protection and mitigation measures, striving to minimize interference with and damage to surrounding land and wildlife habitats. The Company deeply recognizes the importance of biodiversity conservation and habitat restoration, and is committed to minimizing the impact on natural ecosystems and biodiversity at all stages, thereby maintaining ecological balance and supporting long-term sustainable development.

The daily operations of all Major Operating Enterprises exert varying degrees of environmental impact. Industrial enterprises primarily generate exhaust gases, including sulphur oxides, nitrogen oxides, hydrogen chloride, and particulate matter, alongside greenhouse gases such as carbon dioxide, as well as wastewater and solid waste. The environmental footprint of the Aerospace Property Management is predominantly manifested in emissions of exhaust gases and greenhouse gases, generation of domestic waste, and consumption of electricity, water resources, and materials. To address operational impacts on the environment and biodiversity, all Major Operating Enterprises have comprehensively assessed the consequences of their activities and identified associated environmental factors. Through scientific analysis, these environmental impacts are prioritised to determine critical factors requiring focused attention. Targeted measures have been implemented, including the optimization of manufacturing technologies, compliance with regulations (such as adhering to government-mandated round-the-clock monitoring of wastewater discharge volumes and pH levels), reduction of pollutant emissions, promotion of resource recycling, establishment of emergency management plans, and setting of specific emission reduction targets, ensuring effective control of environmental impacts. Meanwhile, some enterprises conduct internal environmental awareness initiatives, such as hosting thematic seminars and providing tailored environmental protection training for new employees, to enhance staff accountability for environmental protection. All Major Operating Enterprises undergo annual internal environmental assessments to verify the effective implementation of measures. To minimize operational impacts on ecosystems and natural resources, these enterprises have obtained ISO 14001 environmental management system certification and engage third-party organization for periodic reviews. Through structured management and continuous improvement processes, environmental impacts are systematically monitored within acceptable thresholds, driving sustained enhancements in environmental performance.

4.4 CLIMATE-RELATED DISCLOSURES

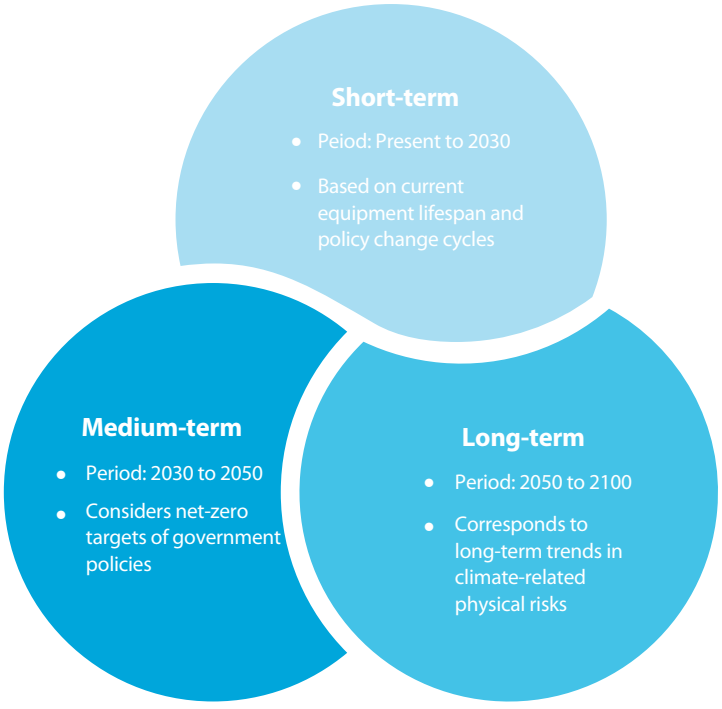
4.4.1 Strategy

The Company considers climate change as a critical issue that may have short, medium, and long-term impacts on its business operations, value chains, strategic decisions, and financial performance. To address these challenges, the Company is committed to conducting scenario analysis across different timeframes to identify and assess climate-related physical risks, while monitoring and evaluating potential impacts on the Company, and it also develops and implements specific mitigation and adaptation measures and strategies to reduce adverse effects on the Company. The Company has conducted climate-related scenario analysis based on two scenarios and three timeframes to identify physical risks and transition risks. Physical risks include acute and chronic risks that may impact the Company's operations immediately and over the long term under extreme weather events and climate change, respectively. Transition risks include regulatory, technological, market, and reputational risks arising from the implementation of stringent climate regulations and laws. Climate-related opportunities that the Company may encounter across the three timeframes, including resource efficiency, energy sources, products and services, markets, and resilience.

Regarding the opportunity strategies, plans and implementation details, these are assessed as commercially sensitive information of the Company at this stage. Therefore, the commercial sensitivity exemption is applied in this Report. The Company will actively explore, identify, and disclose long-term opportunities arising from climate change and their potential.

4.4.1.1 Scenario Analysis Timeframes

The Company selects timeframes based on the nature of the industry and the Company's climate-related objectives to assess climate-related risks, set targets, and make strategic decisions, ensuring that the timeframes align with our comprehensive climate adaptation measures and direction. The timeframes are consistent with the target years of the greenhouse gas goals under the Paris Agreement. The timeframes are defined as follows:



4.4.1.2Climate Scenarios

The Company has adopted scenarios from the Shared Socioeconomic Pathways (SSPs) in the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC), and the Global Energy and Climate (GEC) Model issued by the International Energy Agency (IEA), to conduct climate-related scenario analyses. These analyses are used to assess the physical risks and transition risks faced by the Company under different scenarios and to analyze the impact of climate change on the Company's climate resilience. Through scenario analysis, the Company is able to evaluate its climate adaptability and operational stability under different climate evolution pathways. It could also acknowledge the potential impacts of climate change on the Company's financial position, business model, and value chain in the short, medium, and long term. As such, the Company could identify vulnerabilities and gaps in the Company's approach to climate change issues, so as to formulate and optimize risk mitigation strategies and climate adaptation measures to enhance the overall resilience of its business model and value chain. Through this systematic approach, the Company could obtain a more comprehensive understanding of the potential impacts of climate change on itself and take proactive actions to enhance its long-term operational reliability and sustainable development capabilities.

Scenario Analysis Principles

To more accurately assess climate-related physical risks and transition risks, the Company adopts a multi-scenario analysis framework to conduct a forward-looking assessment of potential risks in the Company's main operating regions under global temperature increase scenarios of 1.5°C and 3°C, with time horizons covering the short-term (2030), medium-term (2050), and long-term (2100).

For physical risk assessment, representative scenarios in the Shared Socioeconomic Pathways (SSPs) of IPCC were selected:

- SSP1-2.6: It represents a sustainable development pathway with active emission reduction, highly consistent with the 1.5°C temperature control target of the Paris Agreement;

- SSP3-7.0: It represents a scenario of intensified regional competition and high greenhouse gas emissions, corresponding to severe physical risks under a higher temperature rise (close to 3°C or above).

For the transition risk assessment, reference was primarily made to two core scenarios from the Global Energy and Climate Outlook issued by the International Energy Agency (IEA):

- 1.5°C Net Zero Emissions Scenario (Net Zero Emissions by 2050 Scenario (NZE)): It elaborates on a possible pathway for the world to achieve net-zero emissions by 2050 and its profound impacts on energy, finance and industry. This scenario closely aligns with the Company's climate transition plan and carbon reduction targets;

- 3°C Stated Policies Scenario (STEPS): It reflects the actual implementation outcomes of currently enacted and announced policies. This scenario is used to examine the potential exposure to transition risks under the Company's existing policy environment and business conditions.

The selection of the aforementioned scenarios ensures a high degree of consistency between the risk assessment results and the Company's business planning, strategic direction, climate transition plan, and established medium to long-term carbon reduction targets. This provides a scientific and robust analytical foundation for subsequently formulating targeted climate adaptation and mitigation strategies.

	Low-emission Scenario	High-emission Scenario
Scenario Definition	Ambitious climate action limits global warming to 1.5°C or well below 2°C. Achieving carbon neutrality (net-zero emissions) by 2050.	Global climate policy is nearly stagnant. The economy is highly dependent on fossil fuels. Clean technology development lags significantly. Greenhouse gas emissions remain high, and warming exceeds 3°C by the end of the century
Reason for Selection	To achieve net-zero greenhouse gas emissions by 2050 and limit the temperature increase to 1.5°C above pre-industrial levels by 2100. This scenario is selected to assess the impact of ambitious climate action aimed at achieving the Paris Agreement's goal of limiting warming to 1.5°C or well below 2°C. Under this scenario, the Company will pay greater attention to transition risks.	To maintain stable greenhouse gas emission levels by 2050, reduce emission levels by 2100, with a temperature increase exceeding 3°C. Serves as a worst-case stress test to evaluate the maximum impact of extreme physical risks on asset portfolios, supply chains, and operational locations in the event of international cooperation collapse and transition stagnation, ensuring the Company retains resilience even under the most severe conditions.
Scenario Description	As it is globally aware of the severity of climate change, countries are intensifying their climate actions and immediately implementing stringent policies and measures to reduce emissions, to limit global warming to 1.5°C or well below 2°C by the end of the century. Technological progress and increased awareness promote a transition towards low-carbon, low-energy consumption, while markets also shift towards more climate-friendly production and consumption. Pressure from civil society and consumers on corporate climate action also increases.	International climate agreements become ineffective; countries restart coal, oil, and gas extraction; carbon pricing and emission reduction policies are repealed. Technological innovation diverges from low-carbon pathways; population and resource demand surge. Extreme weather, sea-level rise, and ecological collapse become frequent, posing significant physical risks to the Company's Asia-Pacific operational bases and investment portfolios.

	Low-emission Scenario	High-emission Scenario
Primary Reference	IPCC SSP1-2.6: The world adopts strong climate policies and technological innovation, primarily based on clean energy, to achieve the temperature control target of 1.5°C or well below 2°C. IEA NZE: Rapid decarbonization of the energy system hinges on renewable energy, electrification, technological breakthroughs, and strong support for international policy. The world achieves carbon neutrality by 2050.	IPCC SSP3-7.0: Climate policy is nearly stagnant. The economy is highly dependent on fossil fuels, greenhouse gas emissions remain high, and warming exceeds 3°C by the end of the century. Risks of extreme climate, sea-level rise, and ecosystem collapse are extremely high. IEA STEPS: New climate policies are introduced, but emission levels stabilize or decline slightly by 2050, far from net-zero targets. Global warming trends towards 3°C or higher, with intensified physical risks.

4.4.1.3 Risk Identification

In accordance with the reporting framework of the Hong Kong Stock Exchange and extensive peer benchmarking, the Company regularly conducts assessments of climate-related risks and opportunities based on detailed risk categories. On this basis, taking into account the Company's business conditions, development strategy, and the concerns of internal and external stakeholders, the Company analyses each risk category in relation to its short, medium and long-term impacts.

Climate-related risks fall into two main categories: risks related to the transition to a low-carbon economy and risks related to the physical impacts of climate change, as outlined below:

Transition Risks	Physical Risks
• Policy and Regulation • Technology • Market • Reputation	• Acute • Chronic

Risk Type	Risk Driver	Scenario	Risk Level within Timeframe			Potential Financial Impact	Mitigation or Adaptation Measures Already or Planned to be Taken
			Short-term	Medium-term	Long-term		
Climate-Related Transition Risks							
Policy and Regulation	Implementation of carbon tax/carbon trading	1.5°C Net Zero Emissions Scenario	Low	Moderate		Overall operating and compliance costs increase due to carbon pricing; asset valuations adjust, leading to higher tax burdens and lower investment returns. Compliance costs increase due to climate-related disclosures.	Electric vehicles have been purchased, with a plan to gradually add more to replace diesel vehicles, reducing the use of non-renewable energy. Strictly comply with laws and regulations related to exhaust gas and greenhouse gas emissions, discharges into water and soil, and the generation of hazardous and non-hazardous waste. Corresponding management plans and emission reduction plans have been formulated, such as the "2025 Greenhouse Gas Emission Inventory and Emission Reduction Program", "2025 Annual Energy Management Plan", and "2025 Hazardous Waste Management Program". Conduct comprehensive climate risk and vulnerability assessments for operations, supply chains, and geographic locations; invest in R&D for sustainable technologies and meet reporting framework requirements to avoid cost increases due to penalties.
		3°C Stated Policies Scenario	Very Low	Very Low			
Technology	Higher proportion of renewable energy in the energy supply structure	1.5°C Net Zero Emissions Scenario	Low	Moderate		As more renewable energy is integrated into the grid, energy prices may fluctuate. Coupled with green electricity premiums or contract lock-in costs, corporate energy procurement costs may rise in the short term.	Adopt a series of energy-saving measures, including optimizing the use of fuel, energy, water resources and other raw materials. Where conditions permit, prioritize the use of renewable energy and reuse materials, increasing the Company's own capacity to use renewable energy to reduce cost pressure caused by energy price fluctuations in the market.
		3°C Stated Policies Scenario	Very Low	Very Low			
	Electrification of end-use energy consumption	1.5°C Net Zero Emissions Scenario	Moderate	Moderate		Due to the electrification, corporate energy costs will be more directly affected by changes in electricity prices. If electricity prices rise, operating costs may increase.	Undertaken a large-scale replacement of lighting systems with LED energy-saving lamps and regularly phase out obsolete technologies and high energy-consuming equipment to progressively reduce energy consumption. Meanwhile, during the year, Aerospace Property Management renewed the "Electricity Optimization and Power Supply Equipment Maintenance Contract for Aerospace Science & Technology Plaza", continuing to advance electricity optimization initiatives aimed at further lowering energy usage and operating costs.
		3°C Stated Policies Scenario	Very Low	Very Low			

Risk Type	Risk Driver	Scenario	Risk Level within Timeframe			Potential Financial Impact	Mitigation or Adaptation Measures Already or Planned to be Taken
			Short-term	Medium-term	Long-term		
	Higher energy efficiency	1.5°C Net Zero Emissions Scenario	Moderate	Moderate		Overall life cycle costs and operating costs rise due to technological obsolescence.	Adopt high-demand electricity usage to replace traditional high-consumption electricity supply methods, and compile and analyse monthly total electricity consumption data. In public areas, extensively apply automatic switching devices and lighting systems, and adjust indoor temperatures based on outdoor conditions to minimize unnecessary resource consumption and environmental impact. Encourage employees to reduce the consumption of natural resources and adopt energy-saving measures. Enhance employee energy efficiency through training and awareness campaigns.
		3°C Stated Policies Scenario	Very Low	Very Low			
Market	Shift in consumer preferences towards lower per capita energy consumption behaviours	1.5°C Net Zero Emissions Scenario	Very Low	Moderate		Demand for goods and services decreases due to the business model being misaligned with a low-carbon economy.	Conduct market research and review relevant market reports to understand climate-related market trends, including consumer preferences and regulatory changes; maintain regular communication with investors and clients about climate actions, so as to enhance brand appeal and effectively reduce customer churn. Establish robust supplier management and control procedures covering supplier qualification assessments, annual performance evaluations, and periodic monitoring systems, to ensure partners meet the Company's sustainable development standards. Implemented a green procurement system to increase the proportion of green products in procurement, giving priority to suppliers with excellent environmental performance, such as those with ISO14001 certification, relevant awards from environmental protection agencies, or recognition as environmental demonstration institutions by government departments.
		3°C Stated Policies Scenario	Very Low	Very Low			

Risk Type	Risk Driver	Scenario	Risk Level within Timeframe			Potential Financial Impact	Mitigation or Adaptation Measures Already or Planned to be Taken
			Short-term	Medium-term	Long-term		
Climate-Related Physical Risks							
Acute and Chronic	Increased severity of extreme weather events	SSP 1-2.6	Very Low	Very Low	Very Low	Risk of employee injury arises, leading to higher labour costs or reduced productivity. Asset damage, operational disruption, and increased insurance costs are incurred, leading to direct economic losses.	Conducted a comprehensive climate risk assessment and formulated specific action plans: Since 2021, the Company's Major Industrial Enterprises have formulated policies and documentation, such as the "Emergency Plan for Natural Disaster Accidents", "Emergency Plan for Environmental Emergencies" and "Emergency Preparedness and Response Control Procedures", and have regularly reviewed the implementation of relevant measures, to cope with the challenges of severe weather and emergencies. The Company's Major Operating Enterprises have implemented a series of measures, including regular inspection of emergency materials and equipment, reinforcement of building structural integrity, assessment of safety in outdoor working environments, provision of specialised response training, deployment of flood control sandbags, and installation of flood control gates in car parks.
		SSP 3–7.0	Very Low	Very Low	Low		

4.4.1.4 Resilience to Climate Change

The Company has identified climate-related risks through the aforementioned scenario analysis and assessed the level of such potential impact and timeframes using a questionnaire method, in order to implement and plan appropriate mitigation or adaptation measures. Differences in questionnaire responses may reflect variations in respondents' climate awareness and professional judgment. To address this, the Company will continuously strengthen climate awareness and capacity building among the management and employees. Given that no material climate risks were identified during this reporting year, the Company will follow the principle of materiality and will not conduct detailed analysis on non-material climate risks for the time being. The Company will continue to closely monitor the potential impacts of climate on its corporate and industrial operations, and disclose them promptly in accordance with regulatory requirements in the event of any material risks.

4.4.1.5 Limitations and Future Improvements

In 2025, the Company established its climate disclosure framework by reference to the "Environmental, Social and Governance Reporting Code" of Hong Kong Stock Exchange and IFRS S2 "Climate-related Disclosures", while integrating international climate regulatory trends (including China's "30–60" carbon peak and carbon neutrality goals), industry practices, and current scientific research. Scenario analysis has inherent limitations, making it difficult to comprehensively cover all potential climate-related risks and opportunities, with its results influenced by data quality, robustness of assumptions and technical conditions. The Company will continue to monitor emerging risks, optimize analytical methods, and welcome feedback from stakeholders to enhance the accuracy and reliability of future disclosures.

As the Company is currently in the initial stage of climate-related disclosures, the Report has not yet conducted quantitative assessments of short, medium, and long-term financial impacts. Looking ahead, the Company will strengthen its scenario analysis capabilities and progressively introduce quantitative models to assess the level and probability of potential financial impacts. Meanwhile, it will evaluate financial resilience and formulate targeted response strategies for identified key impacts. On such a basis, the Company will develop a comprehensive climate transition plan to enhance climate adaptation and resilience, supporting its sustainable business development.

4.4.1.6 Climate Opportunities

Despite these challenges, the Company proactively identifies long-term opportunities arising from climate change. As the global low-carbon transition accelerates and investors' demand for sustainable investment grows, asset allocation that aligns with net-zero pathways and demonstrates climate resilience is continually expanding. The Company is closely monitoring investment value in renewable energy, clean technologies, green financing instruments, and enterprises with leading environmental performance. Climate considerations have been integrated into the Company's investment decision-making framework, aiming to capture long-term opportunities related to both mitigation and adaptation, subject to controlled risk appetite.

Meanwhile, clients' concerns in climate issues continues to rise. In response to market dynamics and client needs, the Company will consider expanding its product and service offerings, for example, by introducing green investment products or ESG integration strategies, to better align with sustainable investment trends and capture climate-related opportunities while creating long-term value.

4.4.1.7Financial Impacts

The Company has translated the results of the scenario analysis into sensitivity tests on key economic variables to assess the potential impact of climate-related risks on its financial position. Following a comprehensive assessment in 2025, it was confirmed that climate-related risks (including floods, typhoons, increases in carbon taxes or carbon pricing mechanisms) have not yet constituted material current impacts on the Company's financial position, operating results, or cash flows.

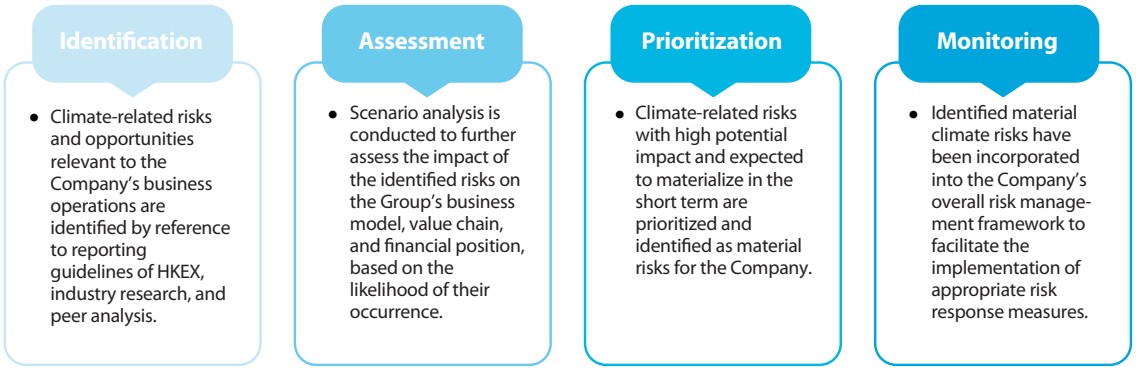
In terms of current financial impact, the Major Operating Enterprises incurred expenses of approximately RMB767,000 during the reporting year due to extreme weather events, including costs for cleaning, maintenance, and replacement of the air conditioning terminal equipment. Furthermore, the Company did not incur material fines for violations of climate-related laws or regulations. In terms of financing, the Company did not issue green bonds to raise funds for investment in climate projects. In terms of asset composition, fossil fuel-based assets, comprising diesel generators, canteen cooking equipment, and fossil fuel-powered vehicles, amounted to approximately RMB4,122,000, representing approximately 95.9% of total energy equipment assets, with the remainder being low-carbon energy assets.

In terms of expected financial impacts, the Company has conducted multi-scenario analysis and made preliminary attempts to map transition risks and physical risks to financial impacts. However, constrained by uncertainties in external scenario parameters (including policy pathways, technology cost curves, and variability in regional climate projections), the granularity of internal data, and the current maturity of models, we believe that a sufficiently robust basis does not yet exist at this stage to make specific quantitative predictions or range estimates of future financial impacts. Therefore, the Report currently does not contain any disclosure on the expected financial impact amounts of climate-related risks and opportunities on profit and loss, balance sheet, cash flows, or capital requirements over the medium and long term.

The Company is committed to maintaining the highest standards of transparency and prudence. Once a reliable and verifiable quantitative basis is available, the relevant expected financial impacts will be disclosed in subsequent reports as appropriate. At the current stage, the Company primarily relies on qualitative analysis and treats climate-related uncertainty as a key consideration in its strategic planning and risk management.

4.4.2 Risk Management

The Company has established an integrated risk management framework to regularly identify, assess, monitor, and manage climate-related risks. Under this framework, climate risk analysis is conducted twice a year, with the results submitted to the ESG Working Group, the ESG Committee, and the Board for review. During this reporting period, the Company has identified several climate-related risks (including transition risks and physical risks) with potential material impacts on its business. Through its governance structure and cross-departmental collaboration, the Company manages climate-related risks using a combination of qualitative and quantitative methods, ensuring effective risk control and supporting sustainable business development.



4.4.3 Indicators and Targets

The Company has established multiple climate-related indicators and targets for greenhouse gas emissions, energy consumption, and water resource management to effectively track performance related to climate-related risks. The Company also continuously monitors the management progress of such risks, assisting the Company in aligning with international climate goals and contributing to the transition to a low-carbon economy.

4.4.3.1 Targets

Referring to the goal of limiting global temperature increase to below 1.5°C as advocated by the Paris Agreement, the Company promotes the achievement of net-zero emissions throughout the value chain by setting carbon reduction targets. The Company adopts a carbon trend pathway approach to set carbon targets. The target scope is consistent with the reporting scope of the Report, and the greenhouse gases covered by the emission reduction targets include CO_2, CH_4, and N_2O, among others. Regarding its short-term to long-term planning, the Company has set 2022 as the baseline year and established emission reduction targets for 2030 (short-term target year) and 2050 (long-term target year): reducing 28% of the total greenhouse gas emission intensity (Scope 1 and Scope 2) by 2030; and achieving a target reduction of 40% by 2050. During this reporting period, the Company's total greenhouse gas emission intensity was 35.04 tCO_2e/RMB million of output value, with the progress being closely aligned with the carbon target for 2030 (short-term target year).

	Unit	8-year Target*	Status in 2025
Total greenhouse gas emission intensity	tCO_2e/RMB million of output value	35.03 (28% reduction)	35.04

Note:

* Baseline year (2022): 48.65 tCO_2e/RMB million of output value

4.4.3.2 Indicators

Greenhouse Gas Emissions

The Company monitors its decarbonization strategy and pathway by quantifying the total absolute greenhouse gas emissions generated during the reporting year. Greenhouse gas emissions include direct emissions (Scope 1) and energy indirect emissions (Scope 2). Considering that data collection for calculating Scope 3 involves upstream and downstream activities in the value chain, covers a wide scope, and requires cooperation from stakeholders (such as suppliers and customers), the Company deems it more appropriate to apply a reasonable data exemption.

The Company's greenhouse gas emissions are measured in accordance with the requirements and calculation methods of the "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard", using activity data, emission factors, and global warming potential values as the calculation basis. The Company adopts the operational control approach to define the operational boundary for greenhouse gas emissions reporting and ensures its consistency with the reporting scope of the Report. The calculation method is based on the "Reporting Guidance on Environmental KPIs" issued by the Hong Kong Stock Exchange, the "2006 IPCC Guidelines for National Greenhouse Gas Inventories", the IPCC Fifth Assessment Report, ISO 14064-1 "Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals", the "2009 China Energy Statistical Yearbook", the "Announcement on the Release of 2023 Electricity Carbon Dioxide Emission Factors" by the Ministry of Ecology and Environment of the People's Republic of China, and the IPCC Sixth Assessment Report. Furthermore, Scope 2 is calculated using the location-based method; Scope 1 includes direct combustion emissions from natural gas, diesel, and unleaded gasoline, as well as fugitive emissions from refrigerants in cooling equipment; Scope 2 includes energy indirect emissions from purchased electricity.

For details of the Company's greenhouse gas emissions, please refer to Section 4.1 of the Report.

Internal Carbon Pricing

The Company is actively exploring the application of an internal carbon pricing mechanism to support the financial evaluation of climate-related risk and investment opportunities and promote the transition to a low-carbon economy.

Remuneration

Where appropriate, the Company will actively consider integrating climate-related performance into its remuneration policies to incentivize the management and employees to advance sustainable development goals.

Industry Indicators

During the reporting year, the Company reported in accordance with the "Environmental, Social and Governance Reporting Code" of the Hong Kong Stock Exchange. Relevant industry indicators (such as energy consumption, water consumption, and packaging material consumption) were disclosed in accordance with the principle of "comply or explain". For more details, please refer to Section 4.2 of the Report.

5. SOCIAL

EMPLOYMENT AND LABOUR PRACTICE

5.1 EMPLOYMENT-RELATED EMPLOYEE RIGHTS AND LABOUR STANDARDS

The Company regards human resources as a key pillar for its sustainable development and operational vitality, adhering to the principle of "fair treatment", fostering a respectful and inclusive working environment, and promoting a diverse culture and the diversified development of employees, ensuring that every employee is respected and their dignity is upheld. In accordance with applicable laws and regulations and operational needs, the Company and its subsidiaries have established corresponding human resources policies and systems, covering (including but not limited to) labour protection for female workers and underage workers, working hours and rest arrangements, paid annual leave, and work injury management, aiming to safeguard employees' rights, interests, and physical and mental health in an institutionalized manner.

All Major Operating Enterprises must comply with the laws and requirements related to employment relationships, mainly the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", the "Regulations on the Implementation of the Labour Contract Law of the People's Republic of China", the "List of Applicable Laws and Regulations for Human Resources", the "Provisions on the Prohibition of Using Child Labour", and the "Protection System for Female Workers and Underage Workers", as well as regulations related to employment relationships at the place where the companies are located.

"The Labour Law of the People's Republic of China" aims to protect the legitimate rights and interests of labourers, readjust labour relationships, establish and safeguard the labour system suiting the socialist market economy, and promote economic development and social progress. "The Labour Contract Law of the People's Republic of China" aims to improve the labour contractual system, clarify the rights and obligations of both parties of labour contracts, protect the legitimate rights and interests of labourers, and establish and develop a harmonious and stable labour relationship. "The Provisions on Prohibition of Using Child Labour" protects the physical and psychological health of the minors, promotes the implementation of the compulsory education system, and safeguards the legitimate rights and interests of the minors. "The Protection System for Women Labour and Underage Labour" aims to enhance the protection of women labour and minors.

The Company and its subsidiaries provide reasonable remuneration, appropriate medical coverage, and other insurances, supporting employees to work in a stable and safe environment, and have established a fair, equitable and transparent promotion mechanism. Remuneration is determined based on employees' qualifications, experience and work performance, with reference to relevant industry practices. In terms of the termination of employment relationships, the Company has a comprehensive dismissal policy, strictly adhering to local labour laws and employment compensation regulations, handling matters in a fair and reasonable manner to fully protect the legitimate rights and interests of both the Company and its employees.

In 2025, all Major Operating Enterprises generally complied with the legal requirements, with no material violations of the legal requirements related to employment and no incident with material adverse impact.

In 2025, the number of employees of all Major Operating Enterprises by different categories are as follows:

Category	2024	2025
By gender		
Male	3,321	**3,354**
Female	2,236	**2,208**
By employment category		
Full-time	5,557	**5,562**
Part-time	0	**0**
By age group		
18 to 30	1,954	**2,014**
Above 30	3,603	**3,548**
By geographical region		
Mainland China	5,557	**5,562**
Other than Mainland China	0	**0**

The turnover rate of employees[1] of all Major Operating Enterprises by different categories are as follows:

Category	2024	2025
By gender		
Male	23.74%	**22.07%**
Female	12.61%	**11.94%**
By age group		
18 to 30	22.13%	**20.98%**
Above 30	14.23%	**13.03%**
By geographical region		
Mainland China	36.35%	**34.01%**
Other than Mainland China	N/A	**N/A**

In 2025, the total number of employees and the turnover rate of employees remained broadly consistent with the previous year. The Company regularly reviews the situation of employees, analyses the results, and makes timely adjustments to human resources management policies. Aligned with the Company's business development direction, the Company provides employees with development platforms and career guidance in various aspects, including inter-departmental position competition and priority right for recruitment, and enhanced incentive measures to strengthen employees' a sense of security.

[1] Due to the nature of the industry, the employee turnover rate in this Report is calculated as the number of employees resigned/(total number of employees + total number of employees resigned) * 100%.

The Company and its subsidiaries rigorously enforce employment contracts that strictly adhere to statutory provisions, safeguarding the reciprocal rights and obligations of both employers and employees. The Company prohibits forced labour and implements a voluntary employment system, safeguarding employees' rights and dignity. We provide employees with a practical framework, implementing stringent measures and policies to prohibit forced labour and safeguard employees' welfare. By adhering to these principles, the Company fosters a culture of respect, fairness, and transparency, establishing ethical employment standards. The Company remains committed to upholding employees' rights and pledged to create a pleasant and equitable work environment.

The Company and its subsidiaries attach great importance to compliance with labour standards. In terms of talent recruitment, all decisions related to recruitment, training, performance appraisal, remuneration and benefits, and promotion are made based on employees' qualifications, experience, skills, potential and work performance. The Company does not tolerate any form of bias, discrimination, or unfair treatment.

The Company and its subsidiaries adhere to the principles of open recruitment, equal competition, and selection based on merit, upholding equal opportunities and strictly prohibiting any form of discrimination. All employees, regardless of gender, age, region, marital or childbearing status, family status, race, ethnicity, religious belief, cultural background, education level, work experience, skill specialty, or physical condition, are valued, respected, and treated fairly, and enjoy equal opportunities. During the recruitment process, the Human Resources Department must strictly verify candidates' identity documents and photos, require them to complete an entry registration form, and further verify information when necessary. In case of any violation, procedures would be immediately initiated to address such incidents. Meanwhile, the Company firmly prohibits child labour and is committed to eliminating related risks. It explicitly stipulates that children under the age of 16 will not be employed, and takes all necessary measures to prevent any accidental hiring of child labour. Furthermore, the Company does not support the employment of child labour by other companies or social organizations. Currently, all employees of the Company are aged 18 or above.

In 2025, all Major Operating Enterprises generally complied with applicable labour protection laws, with no material violations, no incidents exerting material adverse impact and no significant labour disputes. As at 31 December 2025, the Major Operating Enterprises employed a total of 5,562 employees (31 December 2024: 5,557 employees).

5.2 EMPLOYEE HEALTH AND SAFETY

The Company places occupational health and safety as its top priority, committing to providing employees with a healthy, safe, and comfortable working environment. Through a comprehensive safety management mechanism, the Company systematically identifies, assesses, and eliminates or controls potential hazards, ensuring that employees' health and safety are effectively protected during the performance of their duties. To this end, we continuously optimize the occupational health and safety management system, adhering to the principles of "prevention first, risk-based approach, and continuous improvement", establishing clear safety operating procedures and work methods to ensure that various risks are properly assessed and managed. At the same time, we attach importance to safety performance management, regularly monitoring, evaluating, and reviewing the effectiveness of safety measures, and based on the evaluation results, promptly revising and improving relevant systems and control requirements to continuously enhance overall safety performance.

All Major Operating Enterprises have established a complete occupational health and safety management system, including methods for the evaluation, treatment, and management of hazard sources, the formulation of various safety operating procedures and methods, and corresponding safety performance management methods. In addition, individual industrial enterprises also implement the SA8000 (Social Accountability Standard) management system and have obtained ISO45001:2018 Occupational Health and Safety Management System certification. To ensure the effective implementation of these methods, all Major Operating Enterprises have established a production safety management committee to conduct regular supervision and inspection and monthly statistics on personnel casualties, minor injury accidents, major fire accidents, and the safety hazard investigation and rectification rate, and annually compiles statistics on the certification rate for special operations and occupational disease cases; the Human Resources Department compiles monthly statistics on the pass rate of three-tier safety education and training for employees. In addition, certain industrial enterprises are required to evaluate hazard sources annually, provide regular training on all safety operating procedures, conduct emergency plan management and drills, and evaluate and assess safety performance. Certain industrial enterprises have also established "Equipment and Facility Safety Management Systems", strictly implement shift handover procedures, and arrange for designated personnel to carry out regular maintenance based on the technical condition and technical standards of the equipment. Annual occupational health and safety system audits are conducted by third-party organizations to enhance the Company's occupational health and safety management level. We are committed to providing a safe working environment, ensuring that employees can perform their job duties under safe conditions. All Major Operating Enterprises provide occupational health protection facilities (including equipment for dust prevention, poison prevention, protection against ionizing radiation, and biological hazard prevention) to employees as needed to prevent occupational hazard incidents, and provide annual physical examinations; new employees receive pre-employment training and are only admitted after passing the assessment.

All Major Operating Enterprises must comply with the laws and regulations related to employment health and occupational safety, mainly the "Labour Law of the People's Republic of China", the "Production Safety Law of the People's Republic of China", the "Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China", and the "Fire Control Law of the People's Republic of China", as well as regulations related to employment health and occupational safety applicable to the location of the respective Major Operating Enterprises.

The "Labour Law of the People's Republic of China" aims to protect the legitimate rights and interests of labourers, regulate labour relations, establish and maintain a labour system suitable for the socialist market economy, and promote economic development and social progress; the "Production Safety Law of the People's Republic of China" aims to strengthen safety in production, prevent and reduce production safety accidents, ensure the safety of people's lives and property, and promote sustained and healthy economic and social development; the "Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China" aims to prevent, control and eliminate occupational disease hazards, prevent and treat occupational diseases, protect the health and related rights and interests of workers, and promote economic development; the "Fire Control Law of the People's Republic of China" aims to prevent fires and reduce fire hazards, strengthen emergency rescue work, protect personal and property safety, and maintain public safety.

In 2025, all Major Operating Enterprises generally complied with legal requirements, with no material violations of laws and regulations concerning employment health and occupational safety. Over the past three years, the number of work-related fatalities was zero; in 2025, the number of lost days due to work injury was 315 days (2024: 330 days). The total number of lost days due to work injury decreased slightly compared to the previous year, indicating that the Company's proactive efforts to strengthen employee safety education and implement safety management responsibilities across departments have achieved results.

5.3 EMPLOYEE DEVELOPMENT AND TRAINING

The Company places great emphasis on the cultivation and development of human capital, continuously improving its human resources management standards, and rigorously implements a performance-oriented appraisal mechanism to motivate employees to continuously enhance their personal performance and create value for the Company. At the same time, the Company constantly refines its talent development framework, formulating and implementing relevant systems and guidelines, such as the "Annual Training Plan" and the "Employee Training Subsidy Management Method". Induction training is provided for new employees to help them understand the Company's business and development direction; subsidies for external training, such as degree courses and professional skills training, are also provided as needed. We also encourage employees to regularly update their industry knowledge and seize opportunities for personal advancement and career development, so as to respond to market changes and support the Company's operational needs.

At the implementation level of training, certain industrial enterprises have dedicated training management centers that arrange for internal lecturers to conduct systematic internal training. The courses cover a wide range of areas, including production operation skills, process technology, quality assurance, occupational safety and health, various professional skills, and environmental protection-related topics. Through the continuous advancement of the aforementioned training system, the Company aims to strengthen employees' professional capabilities and knowledge levels, and enhance their comprehensive quality and problem-solving abilities, enabling them to more effectively meet work challenges and align with the Company's long-term development goals.

In 2025, the percentage of trained employees and average hours of training completed per employee of all Major Operating Enterprises by different categories are as follows:

Category	Percentage of trained employees in 2024 (%)	**Percentage of trained employees in 2025 (%)**	Average hours of training completed per employee in 2024 (hours)	**Average hours of training completed per employee in 2025 (hours)**
By gender				
Male	100	**100**	5–105	**5–107**
Female	100	**100**	3–105	**3–107**
By employee category				
Senior management	100	**100**	2–48	**2–50**
Middle management	100	**100**	4–100	**4–100**
Other employees	100	**100**	2–62	**2–94.7**

OPERATING PRACTICES

5.4 SUPPLY CHAIN SECURITY AND MANAGEMENT

The Company places Corporate Social Responsibility (CSR) at the forefront of its environmental, health, and safety efforts. It has established a comprehensive supplier management framework based on a Supplier Code of Conduct and regular audit guidelines, with the expectation that suppliers' practices align with the needs and expectations of both the Company and its stakeholders. All Major Operating Enterprises have formulated robust supplier management and control procedures, covering admission, due diligence, annual evaluation, and continuous monitoring mechanisms, to ensure the sustainable development of the supply chain and effectively identify and mitigate environmental and social risks. We conduct annual reviews of major suppliers to track their progress in meeting social responsibility requirements, while promoting ethical conduct and fair trading throughout the supply chain to reduce operational risks and enhance supply chain resilience. All Major Operating Enterprises must comply with relevant laws and regulations concerning supply chain management, primarily the "Anti-Money Laundering Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's Republic of China", the "Anti-Monopoly Law of the People's Republic of China", the "Tendering and Bidding Law of the People's Republic of China", and the "Interim Provisions on Banning Commercial Bribery", as well as regulations related to supply chain management at the place where the respective Major Operating Enterprises are located.

"The Anti-Money Laundering Law of the People's Republic of China" aims to prevent money-laundering, preserve financial order, and check the crime of money-laundering as well as related crimes. The "Anti-Unfair Competition Law of the People's Republic of China" aims to safeguard the healthy development of the socialist market economy, encourage and protect fair competition, repress unfair competition acts, and protect the legitimate rights and interests of business operators and consumers. "The Anti-Monopoly Law of the People's Republic of China" aims to prevent and restrain monopolistic conduct, protect fair market competition, enhance economic operating efficiency, safeguard the interests of consumers and the interests of society as a whole, and promote the healthy development of the socialist market economy. "The Bidding Law of the People's Republic of China" aims to regulate bid invitation and bidding activities, protect the interests of the State and the public as well as the legitimate rights and interests of the parties involved in bid invitation and bidding activities, increase economic benefits and ensure project quality. "The Interim Provisions on Banning Commercial Bribery" aims to curb commercial bribery and maintain fair competition and order.

All Major Operating Enterprises have established and continuously optimize their supplier management mechanisms to promote supply chain sustainability and systematically identify and mitigate environmental and social risks. These mechanisms cover supplier qualification audits, annual evaluations, and regular monitoring to ensure that partners meet the sustainable development requirements set by the Company. In the initial selection phase, we first identify suitable suppliers based on actual business needs and collect information on various aspects such as quality, service, delivery time, price, and reputation within the industry. Suppliers are also required to provide basic company information and product samples as a basis for screening, thereby strengthening due diligence. Regarding contract performance and payment arrangements, the Company and its subsidiaries fulfill their obligations in accordance with the contract terms and settle accounts payable within a reasonable and feasible timeframe, without unjustified delay. We also expect and require customers to adhere to the agreements likewise, completing their payments within a reasonable and feasible time, to maintain smooth cash flow for both parties and avoid impacts on daily operations. Furthermore, in terms of product delivery and service management, all Major Operating Enterprises have established corresponding and comprehensive management systems, covering quality assurance methods and complaint handling procedures. Through rigorous implementation of quality management, product quality stability is ensured throughout production, transportation, and final delivery. Effective customer feedback channels are also established to promptly respond to and handle product complaints, thereby enhancing customer satisfaction.

Certain industrial enterprises have also established a green procurement system, setting out the requirements in the bidding and procurement process, increasing the proportion of green products in corporate procurement, and giving priority to suppliers with excellent performance in environmental protection, such as suppliers who have obtained ISO14001 environmental management system certification, relevant awards issued by environmental protection authorities and environmental demonstration institutions recognised by government departments. It continuously reviews various products, explores more possibilities to reduce the demand for raw materials through innovative ways, and urges suppliers to use more environmentally friendly products and services.

The Company has established an internal code to govern the public tendering and quotation processes. In the supplier selection and evaluation process, the principles of fairness, impartiality, and openness are fully adopted, and suppliers are required to declare any conflicts of interest to prevent conflicts of interest and any form of improper transfer of benefits. Additionally, all Major Operating Enterprises clearly communicate the corresponding principles and expectations to their partners, requiring them to comply with all applicable laws, relevant international conventions, contractual obligations, and the Group's code of conduct. The Company also has effective monitoring mechanisms in place to ensure that all parties strictly adhere to legal and regulatory requirements. Throughout the entire procurement and supply chain management process, all relevant personnel must strictly adhere to integrity standards and properly protect the Company's business secrets. Through a series of stringent rules and regulations, the Company ensures that suppliers meet established standards in environmental protection, social responsibility, and business integrity, and regularly monitors their performance. This not only guarantees high-quality standards for products and services but also reduces environmental and social risks, promotes the long-term development of the supply chain, and further enhances brand reputation and market competitiveness.

In 2025, all Major Operating Enterprises generally complied with the legal requirements, with no material violations of the legal requirements related to supply chain management, and no incidents exerting material adverse impact.

In 2025, the total number of suppliers of the supply chain of the Company is 1,460 (2024: 1,312), with the number of suppliers categorized by region as follows:

Region	2024	Percentage	2025	Percentage
Overseas	100	7.6%	**119**	**8.2%**
Mainland China	1,212	92.4%	**1,341**	**91.8%**
Total	1,312	100%	**1,460**	**100%**

Of which, 528 suppliers (2024: 474 suppliers) engaged have implemented environmental, social and governance-related practices, including the requirement to sign environmental and social regulations and conduct on-site inspections, accounting for approximately 36% of the total number of suppliers. The Company will continue to communicate with its supply chain partners to identify relevant environmental and social risks, and will adhere to the principle of giving priority to environmentally friendly materials in the materials selection process, with a view to enhancing its sustainability performance in all aspects.

5.5 PRODUCT RESPONSIBILITY AND SERVICE MANAGEMENT

The Company attaches great importance to product and service quality and remains committed to minimizing health and safety risks associated with product use. All Major Operating Enterprises continuously refine their product design and manufacturing processes to better align with customer needs while ensuring consumer health and safety. Beyond meeting customer expectations in terms of production capacity and delivery, the Company ensures full compliance with applicable regulations, product standards, material specifications, and technical guidelines throughout the entire process — from raw material procurement and manufacturing to packaging and delivery. Its property management subsidiary focuses on delivering professional property management services and consistently enhances service quality in response to tenants' reasonable feedback. The Company remains dedicated to upholding the highest quality standards for its products and services, thereby safeguarding the rights and interests of its customers.

All Major Operating Enterprises must comply with the laws and requirements related to product liabilities, mainly the "Civil Code of the People's Republic of China", the "Company Law of the People's Republic of China", the "Product Quality Law of the People's Republic of China", the "Trademark Law of the People's Republic of China" and the "Patent Law of the People's Republic of China", as well as regulations related to product liabilities at the place where the respective Major Operating Enterprises are located at.

"The Civil Code of the People's Republic of China" protects the legitimate rights and interests of civil subjects, regulates civil relations and safeguards the social and economic order. "The Company Law of the People's Republic of China" aims to standardise the organisation and behaviour of companies, protect the legitimate rights and interests of companies, shareholders and creditors, maintain the socio-economic order and promote the development of the socialist market economy. "The Product Quality Law of the People's Republic of China" aims to strengthen the supervision and control over product quality, improve product quality, define the liability relating thereto, protect the legitimate rights and interests of consumers and safeguard the social and economic order. "The Trademark Law of the People's Republic of China" aims to improve the administration of trademarks, protect the exclusive right to the use of a trademark, and encourage producers and dealers to guarantee the quality of their goods and services and preserve the credibility of trademarks, so as to protect the interests of consumers, producers and dealers and promote the development of the socialist market economy. "The Patent Law of the People's Republic of China" aims to protect patent rights for inventions-creations, encourage inventions-creations, facilitate the wide application of inventions-creations, enhance the ability of creation, promote the progress of science and technology, and the development of the economy and society.

In addition, all Major Industrial Enterprises continuously refine their quality management and process optimization. They not only ensure products meet high-quality standards but also constantly improve production processes to enhance quality management capabilities, aiming to effectively increase customer satisfaction, consolidate brand reputation, and maintain a competitive edge in the market.

All Major Industrial Enterprises have established comprehensive product quality inspection mechanisms to ensure that products meet high standards at every stage, thereby enhancing market competitiveness and customer trust. The mechanism covers three main phases: incoming inspection, in-process inspection, and outgoing inspection. During the incoming inspection phase, the Company conducts rigorous screening and testing of raw materials, components, and other production inputs to ensure compliance with established quality standards. During the in-process inspection phase, multiple control procedures, real-time monitoring, and testing are implemented to maintain consistent product quality throughout the production process and reduce the occurrence of defects. During the outgoing inspection phase, the Company conducts comprehensive testing and verification of finished products, confirming compliance with internal company standards and relevant regulations before they are released to the market.

Upon receiving product complaints or when product recalls become necessary, the Company will conduct sufficient communication with the counterparty, track, curb, assess and dispose of unqualified products. The Company performs a detailed investigation of the issue, identifies the underlying causes through structured analysis, and validates the findings to develop targeted corrective and preventive actions, thereby mitigating the likelihood of similar incidents recurring.

In response to the needs of different industries and customers' requirements, the Major Operating Enterprises have applied for and obtained relevant international certifications, such as Quality Management System Standard (ISO9001), Environmental Management System Standard (ISO14001), Occupational Health and Safety Management System Standard (OHSAS18001), Restriction of Hazardous Substances Directive (ROHS2.0), Quality System Requirements for Automotive Products and Services (ISO/TS16949) and Social Accountability Standard (SA8000). Certain industrial enterprises have also established green product manuals and green product management technical specifications. Relevant management personnel and employees must learn and be familiar with various regulations to meet various specific requirements in the production process, which also reflects the Company's emphasis on social responsibility, and are willing to protect the interests of various stakeholders and reasonably undertake social responsibility.

All Major Operating Enterprises have formulated the "Guidelines for Handling Customers' Complaints", "Customer Service Procedures", etc. Abiding by the legal requirements and reasonable requests of customers, it is expressly stipulated that customer service departments shall provide a response to customers within five working days. In order to implement the strictest confidentiality measures, the Company requires the employee at major positions and suppliers to sign the confidentiality agreement. Dedicated personnel are employed to be responsible for the management of intellectual property rights, establishment of a system of trade secrets, maintenance of trade secrets, and protection of data and privacy of all parties. In 2025, the number of product- and service-related complaints received by Major Operating Enterprises in relation to products and services is 583 cases (2024: 601 cases). The statistics are based on written complaints received, and all complaint cases were followed up by dedicated departments.

In 2025, all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to product liabilities. Also, no incident exerting material adverse impact was noted.

In 2025, the KPIs of all Major Operating Enterprises relating to the product quality are as follows:

Indicator	2024	**2025**
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0%	**0%**

To further enhance operational capacity and business quality, in addition to ensuring product quality, the Company continues to make breakthroughs in innovation capabilities. Conhui Semiconductor was recognized as the "High and New Technology Enterprise in Guangdong Province" and was awarded the "Laboratory Accreditation Certificate" by the China National Accreditation Service for Conformity Assessment. Dong Guan Hong Yuen was awarded the "High and New Technology Product Certificate of Dongguan City " and was named the "Single-item Champion of Guangdong's Manufacturing Enterprise". In addition, Dong Guan Hong Yuen also performed well in the field of green products and was awarded the "Excellent Enterprise in Green Manufacturing and Environmental Protection". The Company also spares no effort in protecting intellectual property rights. Conhui Semiconductor was awarded the "National Intellectual Property Advantage Enterprise" to enhance the Company's reputation and value in the market.

COMMUNITY

5.6 SOCIAL CONTRIBUTION AND INVESTMENT

The Company is committed to corporate development while actively promoting public welfare initiatives, giving back to society, maintaining close interaction with the communities in which it operates, and paying attention to the needs of different operating regions. All Major Operating Enterprises continuously improve the well-being of the communities where they are located, striving to be good corporate neighbors. The Company carefully assesses the social impact of its business activities and endeavors to mitigate any potential adverse effects its operations may have on local communities. Furthermore, the Company takes a constructive approach to caring about social affairs directly or indirectly related to its business and encourages employees to participate in social services and care for the community. In 2025, the Company contributed over 120 hours to social service initiatives.

Volunteer Activities

Based on the different circumstances of surrounding communities or people in need, all Major Operating Enterprises reasonably utilize resources to provide necessary support and promote community activities. Dong Guan Hong Yuen actively participates in public welfare initiatives. It has formulated the Dongguan Humen Volunteers Association Management Measures, and organizes internal employee volunteer groups to actively give back to the community. Each year, it actively organizes nearly one hundred employees to participate in blood donation activities, fostering a positive atmosphere of love and public welfare. It has also established an internal volunteer team, encouraging employees' family members and friends to participate together in the Company's series of volunteer activities.

The Company also selects employees with good physical and mental qualities, emergency rescue experience, or relevant professional knowledge and skills from various enterprises in the Huizhou Industrial Park to form an industrial park emergency rescue team.

The Company integrates the concept of public welfare into its corporate culture, with the purpose of "gathering great energy through small acts of kindness", transforming the positive energy stimulated by social welfare into the internal driving force and creativity for corporate development, thereby promoting the sustainable development of both the enterprise and society.

Charity Fund

Dong Guan Hong Yuen integrates the concept of public welfare into its corporate culture. It has established the Company Charitable Fund Management Measures and set up a Charity Fund Management Committee. Adhering to the spirit of "mutual assistance among employees and the transmission of care and compassion", the Fund plays a role in uniting employees and providing timely assistance to colleagues in need, helping to solve problems or alleviate pressure when employees encounter sudden difficulties.

"Exploring Aerospace" Series of Activities

In 2025, the Company promoted a series of community education and science popularization activities, organizing Hong Kong students and citizens to visit and study at satellite tracking and control stations. These visits provided on-site learning about the development of national space technology, aiming to bring technology closer to the public and align with the Company's commitment to community education and talent cultivation. Such activities not only enhance the knowledge and interest of the community members but also contribute to nurturing future talent, reflecting the Company's dedication to giving back to society and promoting sustainable community development.

6. GOVERNANCE

6.1 GOVERNANCE STRATEGY AND ORGANIZATIONAL STRUCTURE

The Company has established a robust governance structure for Environmental, Social and Governance (ESG) and climate-related issues. The Board is primarily responsible for reviewing and approving relevant strategies and reporting arrangements, and ensuring that ESG factors are integrated into corporate governance and daily operations. While ensuring compliance with applicable laws and regulations in all operating locations, the Board incorporates the reasonable expectations of stakeholders into its decision-making process, continuously reviewing and updating the Company's Environmental, Social and Governance Macro Policy to align with industry trends and best practices. To enhance information transparency and comparability, the management conducts data collection, consolidation, and disclosure in accordance with the "Environmental, Social and Governance Reporting Code" of the Hong Kong Stock Exchange and its newly added climate-related disclosure framework. The management also engages in continuous learning and capacity building regarding climate risks and opportunities to ensure it possesses the professional judgment for effective oversight.

The Company established the ESG Committee in 2021, authorized by the Board to coordinate cross-departmental ESG and climate-related work, including the regular collection, consolidation, and analysis of environmental, social, governance, and climate data, and to report on the preparation progress of the annual ESG report and material matters at Board meetings. The ESG Committee reviews the compliance and appropriateness of disclosed content based on the Company's Environmental, Social and Governance Macro Policy and business strategies. It identifies sustainable development issues material to the Company and stakeholders, and makes recommendations regarding budget allocation, strategy adjustments, and target setting for ESG and climate-related matters when necessary. Meanwhile, the ESG Committee, together with the management team, organizes internal training to enhance various departments' understanding and implementation of climate risk impacts and disclosure requirements.

The ESG Working Group, established under the ESG Committee, is led by senior management personnel with relevant management staff as members. It is responsible for implementing the decisions of the Board and the ESG Committee, including executing policies and measures, monitoring key performance indicators and progress on key projects, and regularly reporting to the ESG Committee and the Board on policies, measures, project progress, objectives, and effectiveness. Through these reports, the Board continuously gains insights into the potential impacts of ESG and climate issues on the Company's business model and related risks. Following review and assessment, the Company's ESG and climate policies are confirmed to be continuously effective and will be optimized as needed.

The Company and its subsidiaries are committed to providing employees with reasonable remuneration, appropriate medical coverage and other insurances to create a stable working environment for them. We firmly believe that employees should enjoy equal opportunities, and remuneration is determined based on employees' qualifications, experience and work performance, taking into account industry practices. In addition, the Company has also established a sound dismissal policy, which is dealt with in a fair and reasonable manner in accordance with the current employment compensation regulations, and strictly abides by relevant local labour laws. It will continuously refine employee benefit programmes to ensure staff receive adequate support and motivation in their professional roles. At the same time, the Company systematically enhances its Corporate Social Responsibility (CSR) commitments through proactive engagement in community initiatives that advance sustainable development goals. The Company provides employee training and development programs to help them continuously improve their professional skills and career development. To ensure that the rights of our employees are protected, the Company continuously updates and improves its human resources policies to ensure compliance with local laws and regulations and to provide employees with the support they need.

6.2 STANDARDIZED GOVERNANCE

The Company is committed to strengthening internal transparency and its culture of integrity, implementing and continuously optimizing anti-bribery and anti-corruption policies, disciplinary and accountability mechanisms, as well as systems encouraging employees to report misconduct. Employees are required to proactively declare any potential or actual conflicts of interest, including familial relationships within the Company, connections with management or business partners, and personal transactions that might affect their professional judgment and impartiality. All Major Operating Enterprises, through annual internal circulars and communications, regularly remind employees that accepting benefits, gifts, or any form of undue benefits from suppliers is strictly prohibited. This is to prevent ethical risks, maintain the stability and sustainable development of the organization, and actively promote a working environment and code of conduct centered on integrity and responsibility, with a "zero-tolerance" approach to corruption.

The Company and all Major Operating Enterprises have established and implemented internal anti-corruption systems. If employees accept bribes such as money, gifts, or rebates, the Company and the Major Operating Enterprises will, depending on the circumstances, terminate their employment contracts and reserve the right to pursue legal action, in order to eliminate illegal acts such as corruption and fraud. We will continue to ensure ethical operations through system implementation, compliance promotion, and supervisory reviews, safeguarding the Company's reputation and asset security, and fulfilling its commitment to being a responsible corporate citizen.

The Company is committed to demanding that the operating enterprises enhance the awareness and personal integrity of its employees so as to eliminate the possibility of bribery, accepting bribes, extortion, fraud and money laundering in the course of daily operations. In particular, the "Integrity and Ethical Standards Management Procedures", "Employee Conflict of Interest Declaration Form" and "Reward and Punishment Management Measures" have been formulated respectively, to clearly regulate the amount of gifts and cash received by employees, prohibit employees from receiving rebates and commissions from customers or suppliers, and take disciplinary actions against employees who violate anti-corruption laws.

In order to resolutely crack down on corruption and fraud, the Company has formulated a whistle-blowing policy, so that all stakeholders can report any suspicious or improper behaviours anonymously. The Company is committed to actively investigating and dealing with internal corruption whistle-blowing, and the information of whistle-blowers will be kept confidential to ensure that the whistle-blower will not be retaliated against or harassed. The Company takes feasible preventive measures through the employee handbook, notice and reporting mechanism. If the report is substantiated, rewards will be provided to employees who report such behaviours and safeguard the interests of the Company. Employees can raise relevant issues through rationalization suggestions or by directly reporting to the senior management. In 2025, none of the Major Operating Enterprises have received any complaints from organizations or individuals about staff misconduct or other breaches of the law.

In addition, the Company and all Major Operating Enterprises have regularly arranged corruption prevention training for Directors and staff.

All personnel involved in the procurement of goods and services must abide by the code of business ethics. The Company requires all personnel to declare any conflict of interest. Procurement is generally conducted by way of tender with clear policies outlining the standard rules and regulations to be followed.

All Major Operating Enterprises must comply with the laws and requirements related to anti-corruption, mainly the "Anti-Money Laundering Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China", "Anti-Monopoly Law of the People's Republic of China", "Bidding Law of the People's Republic of China" and "Interim Provisions on Banning Commercial Bribery", as well as regulations related to anti-corruption at the place where the companies are located at.

"The Anti-Money Laundering Law of the People's Republic of China" aims to prevent money laundering, preserve financial order, and check the crime of money laundering as well as related crimes. The "Anti-Unfair Competition Law of the People's Republic of China" aims to safeguard the healthy development of the socialist market economy, encourage and protect fair competition, repress unfair competition acts, and protect the legitimate rights and interests of business operators and consumers. "The Anti-Monopoly Law of the People's Republic of China" aims to prevent and restrain monopolistic conduct, protect fair market competition, enhance economic efficiency, safeguard the interests of consumers and the interests of society as a whole, and promote the healthy development of the socialist market economy. "The Bidding Law of the People's Republic of China" aims to regulate bid invitation and bidding activities, protect the interests of the State and the public as well as the legitimate rights and interests of the parties involved in bid invitation and bidding activities, increase economic benefits, and ensure project quality. "The Interim Provisions on Banning Commercial Bribery" aims to curb commercial bribery and maintain fair competition and order.

In 2025, all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to anti-corruption. Also, no incident exerting material adverse impact was noted.

In 2025, none of the Major Operating Enterprises have received any complaints from organizations or individuals about staff misconduct or other breaches of the law. The KPI relating to the number of concluded legal cases regarding corrupt practices is as follows:

Indicator	2024	2025
Number of concluded legal cases regarding corrupt practices brought against the Company and the Major Operating Enterprises or their employees	0	**0**

CONCLUSION

The Company considers its current measures on environmental protection and social responsibility to be sufficient for compliance with relevant laws and the Listing Rules. Nevertheless, the Company will continue to conduct review and make revision from time to time as necessary in response to the requirements of laws, the Listing Rules and internal management to strengthen its measures on environmental protection and social responsibility.

The Board reviewed, discussed and approved the contents and publication of this Environmental, Social and Governance Report on 26 March 2026.

INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Areas/Aspects	General Disclosure and KPIs	Page
A. Environmental		
A1	**Emissions**	**8–11**
KPI A1.1	The types of emissions and respective emissions data.	10
KPI A1.2	Deleted on 1 January 2025	/
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	8–11
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.	8–11
A2	**Use of Resources**	**11–13**
KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in'000s) and intensity (e.g. per unit of production volume, per facility).	12
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	13
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	11,12
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.	11
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	13
A3	**The Environment and Natural Resources**	**13**
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	13
A4	**Deleted on 1 January 2025**	**/**
KPI A4.1	Deleted on 1 January 2025	/

Areas/Aspects	General Disclosure and KPIs	Page
B. Social		
B1	**Employment**	**25–27**
KPI B1.1	Total workforce by gender, employment type (for example full- or part-time), age group and geographical region.	26
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	26
B2	**Health and Safety**	**27–28**
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	28
KPI B2.2	Lost days due to work injury.	28
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	27–28
B3	**Development and Training**	**29**
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	29
KPI B3.2	The average training hours completed per employee by gender and employee category.	29
B4	**Labour Standards**	**25–27**
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	25,27
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	27
B5	**Supply Chain Management**	**30–31**
KPI B5.1	Number of suppliers by geographical region.	31
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.	30,31
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	30,31
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	30,31

Areas/Aspects	General Disclosure and KPIs	Page
B6	**Product Responsibility**	**32–33**
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	33
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	32,33
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	32,33
KPI B6.4	Description of quality assurance process and recall procedures.	32
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	33
B7	**Anti-corruption**	**36–37**
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.	37
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	36,37
KPI B7.3	Description of anti-corruption trainings provided to directors and staff.	36,37
B8	**Community Investment**	**34**
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	34
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	34

Areas/Aspects	General Disclosure and KPIs	Page
D. Climate-related Disclosures		
(I)	**Governance**	
Paragraph 19	An issuer shall disclose information about:	
	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	35
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	35

Areas/Aspects	General Disclosure and KPIs	Page
(II)	**Strategy**	
	Climate-related risks and opportunities	
Paragraph 20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	
	(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	17–20
	(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	17–20
	(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	17–20
	(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	15
	Business model and value chain	
Paragraph 21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	
	(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	17–20
	(b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	17–20
	Strategy and decision-making	
Paragraph 22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	

Areas/Aspects	General Disclosure and KPIs	Page
	(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	17–20
	(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	17–20
Paragraph 23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	17–20
	Financial position, financial performance and cash flows	
	Current financial effect	
Paragraph 24	An issuer shall disclose qualitative and quantitative information about:	
	(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	20–22
	(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	20–22
	Anticipated financial effect	
Paragraph 25	The issuer shall provide qualitative and quantitative disclosures about:	
	(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and	20–22
	(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities	Due to uncertainties in external scenario parameters, the granularity of internal data, and the current maturity of models, the Company has not yet made such disclosure.

Areas/Aspects	General Disclosure and KPIs	Page
	Climate resilience	
Paragraph 26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
	(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	20–21
	(b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	14–17
	(ii) the key assumptions the issuer made in the analysis; and	14–17
	(iii) the reporting period in which the climate-related scenario analysis was carried out.	14–20

Areas/Aspects	General Disclosure and KPIs	Page
(III)	**Risk Management**	
Paragraph 27	An issuer shall disclose information about:	
	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	14–20, 23
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	23
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	23
(IV)	**Metrics and Targets**	
	Greenhouse gas emissions	
Paragraph 28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	10
Paragraph 29	An issuer shall:	
	(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	24

Areas/Aspects	General Disclosure and KPIs	Page
	(b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	24
	(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	24
	(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Considering that the data collection for Scope 3 calculations involves upstream and downstream activities in the value chain, which is extensive in scope and also requires the cooperation of stakeholders such as suppliers, customers, and tenants, the Company deems it more appropriate to apply a reasonable data exemption.
	Climate-related transition risks	
Paragraph 30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Our current research only covers designated assets and operations. In the future, we will explore the feasibility of expanding the research scope.

Areas/Aspects	General Disclosure and KPIs	Page
	Climate-related physical risks	
Paragraph 31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Our current research only covers designated assets and operations. In the future, we will explore the feasibility of expanding the research scope.
	Climate-related opportunities	
Paragraph 32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Regarding the opportunity strategies, plans, and implementation details, these are assessed at this stage as commercially sensitive information of the Company. Therefore, we have applied the commercial sensitivity exemption and will not disclose information related to opportunities for the time being.

Areas/Aspects	General Disclosure and KPIs	Page
	Capital deployment	
Paragraph 33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Given that no material high-level climate risks were identified during this reporting year, and in accordance with the principle of materiality and the application of an implementation exemption, the Company has not disclosed the current financial impacts of non-material climate risks. The Company will continue to closely monitor the potential impact of climate-related factors on its operations; should any material risks arise, they will be disclosed in a timely manner in accordance with regulatory requirements.
	Internal carbon prices	
Paragraph 34	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	We currently have not yet integrated internal carbon pricing into our decision-making process. We will explore the use of internal carbon pricing in the future.

Areas/Aspects	General Disclosure and KPIs	Page
	Remuneration	
Paragraph 35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	We will explore the feasibility of integrating climate-related metrics into the remuneration considerations for senior management.
	Industry-based metrics	
Paragraph 36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	During the reporting year, the Group reported its climate performance in accordance with the climate-related disclosure requirements of the Hong Kong Stock Exchange, and did not refer to any other industry indicators.
	Climate-related targets	
Paragraph 37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	
	(a) the metric used to set the target;	23–24
	(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	23–24
	(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	23–24
	(d) the period over which the target applies;	23–24
	(e) the base period from which progress is measured;	23–24
	(f) milestones or interim targets (if any);	N/A
	(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	23–24
	(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	23–24

Areas/Aspects	General Disclosure and KPIs	Page
Paragraph 38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	We have established greenhouse gas emission targets. We are already on track to meet the greenhouse gas emission targets for the fiscal year 2030 and have set new targets for the future. As we move forward, we will explore the feasibility of having our targets verified by a third party.
	(a) whether the target and the methodology for setting the target has been validated by a third party;	
	(b) the issuer's processes for reviewing the target;	
	(c) the metrics used to monitor progress towards reaching the target; and	
	(d) any revisions to the target and an explanation for those revisions.	
Paragraph 39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	24
Paragraph 40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a) which greenhouse gases are covered by the target;	24
	(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	24
	(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	Our target is a greenhouse gas emission intensity target.
	(d) whether the target was derived using a sectoral decarbonisation approach; and	23–24
	(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	We will explore the feasibility of purchasing carbon credits to offset the greenhouse gas emissions generated from our operations.

Areas/Aspects	General Disclosure and KPIs	Page
	Applicability of cross-industry metrics and industry-based metrics	
Paragraph 41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	During the reporting year, the Group reported its climate performance in accordance with the climate-related disclosure requirements of the Hong Kong Stock Exchange, and did not refer to any other industry indicators.