MEGAIN Holding (Cayman) Co., Ltd.
美佳音控股有限公司*

(incorporated in the Cayman Islands with limited liability)

Stock code: 6939



2025
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

* For identification purpose only

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GLOSSARY

Board	The board of Directors
Company/MEGAIN Holding	MEGAIN Holding (Cayman) Co., Ltd.
Directors	Directors of the Company
Employee Manual	Employee Manual of Zhuhai Megain Technology Co., Ltd.
Environmental Agreement	Environmental Agreement of Zhuhai Megain Technology Co., Ltd.
ESG	Environmental, social and governance
GHG Protocol	the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, a globally recognized framework for companies and organizations to measure, account for, and report their greenhouse gas (GHG) emissions. It classifies emissions into three scopes (Scope 1, Scope 2, and Scope 3) to help entities identify emission sources, manage climate risks, and set reduction targets.
IoT	Internet of Things, being a system of interrelated computing devices, mechanical and digital machines, objects and people with the ability to transfer data over a network; the system includes physical devices, vehicles, home appliances and other items embedded with electronics, software, sensors and actuators, which enable these objects to connect, collect and exchange data through various communication protocols
kWh	Kilowatt hour
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
PRC	The People's Republic of China
Reporting Period/2025/This year	Period from 1 January 2025 to 31 December 2025
Scope 1 Emission(s)	Scope 1 emissions are direct greenhouse gas emissions that occur from sources that are owned or controlled by an organization
Scope 2 Emission(s)	Scope 2 emissions are indirect greenhouse gas emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the organization

Scope 3 Emission(s)	Scope 3 emissions are all indirect greenhouse gas emissions (not included in Scope 2) that occur in the value chain of the reporting organization, including both upstream and downstream emissions. Scope 3 emissions are generated from sources not owned or controlled by the organization, such as purchased goods and services, business travel, employee commuting, waste disposal, transportation and distribution, and the use and end-of-life treatment of sold products
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supplier's Environmental Directive Commitment	Supplier's Environmental Directive Commitment of Zhuhai Megain Technology Co., Ltd.
The Group/We	the Company and its subsidiaries
Zhuhai Megain	Zhuhai Megain Technology Co., Ltd.

1 ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

1.1 ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report is an overview of the performance of the Group in ESG aspects in 2025. This report is prepared in compliance with the "Environmental, Social and Governance Reporting Guide" (the "Guide") under Appendix C2 to the Listing Rules.

Through multiple discussions and direct communication with stakeholders, the Company understands the core issues of concern to stakeholders and identifies important environmental, social and governance factors, which allows it to formulate corresponding strategies, goals, plans and measures to promote sustainable development of the business of the Company. The key performance indicators in this report are prepared with reference to the relevant calculation standards and methodologies provided in the Guide set forth in Appendix C2 to the Listing Rules, and have avoided selections, omissions, or presentation formats that may inappropriately influence decisions or judgments of the readers.

The Board seeks to incorporate the practice of sustainable development concepts into the Company's daily operations, with a view to keeping the Company's overall strategic direction in line with sustainable development targets. The Board has established a monitoring system to ensure that the corresponding business targets can be achieved and continues to improve the performance of the Company in ESG matters. The emission targets set by the Company have been confirmed by the management and the business operation team and were reviewed by the Board periodically. Further, the Board have monitored the targets and key environmental metrics relating the Group's business operations by checking the comprehensiveness and accuracy of the data that it collected from time to time and compare them with the set targets and historical data from the previous year.

The boundaries of this report are the same as those of the annual report of the Group for the year ended 31 December 2025 so that energy consumption efficiency can be calculated logically. It covers the period from 1 January 2025 to 31 December 2025 and organizationally covers all entities in the Group, including the Company and its subsidiaries which are consistent with the scope of consolidated financial statements in the annual report for the year ended 31 December 2025.

This report follows the reporting principles stated in the Guide, including:

Materiality

This report discloses the deliberations of the Board and the management on ESG matters, the communication with stakeholders, and the process of identifying material issues.

Quantitative

This report discloses the key quantitative performance indicators, explains the meaning of these indicators, as well as the calculation basis and assumptions.

Balance

This report presents the Group's performance during the Reporting Period without bias, avoiding selections, omissions or presentation formats that may inappropriately influence readers' decisions or judgement.

Consistency

The methods and key performance indicators used in this report are consistent with the previous ESG report so that a meaningful comparison of data over time is allowed.

This report covers the ESG initiatives, plans and performance of the Group. Unless otherwise stated, the information involved in this report is derived from the Company's documents and statistical reports, and monetary amounts are in Renminbi (RMB).

In this report, emission/consumption intensity is calculated by dividing volume of polluting chemicals/waste/resource/energy in the relevant measurement unit by revenue of the Group in RMB100 million.

1.2 ABOUT US

1.2.1 Development history

In 2010, Zhuhai Megain, the major operating subsidiary of the Company, was incorporated in the PRC. In 2015, Megain Holding (BVI) PTE, LTD., an indirect wholly-owned subsidiary of the Company, established a branch office in Taiwan to principally engage in the research, design, development and sales of compatible cartridge chips. In 2016, the Company was incorporated in the Cayman Islands. On 31 March 2021, the Company was listed on the Main Board of the Stock Exchange (stock code: 06939).

The Group is one of the leading providers of compatible cartridge chips based in the PRC. The principal functions of a compatible cartridge chip include facilitating communication between a compatible cartridge and the original-brand printer and monitoring cartridge usage. Major products of the Group include ink cartridges for use in inkjet printers and toner cartridges for use in laser printers. According to an independent market research report prepared by China Insights Industry Consultancy Limited, in terms of external sales of products, we ranked second in the PRC in 2019 with the products of the Group having a market share of approximately 11.1%. At the same time, the Group continued to push ahead with product innovation based on market demands. In 2025, we developed 126 new models of compatible cartridge chips and submitted 7 applications for the registration of patents. The patents of the Group mainly involve the designs and technologies relating to chips, integrated circuit layout design, and measurement devices. In 2025, the Group's revenue amounted to approximately RMB155.3 million, representing a year-on-year increase of approximately 3.8%, and loss for the year amounted to approximately RMB83.7 million, while profit for the corresponding period in 2024 amounted to approximately RMB9.7 million.

Besides the compatible cartridge chips business, the Group is also engaged in the provision of research, design, development and sales of IoT chips which includes Hall sensor chips, power management integrated circuits, battery charge management integrated circuits, etc. In addition, the Group is also engaged in the trading of integrated circuits and other cartridge components, including plastic parts and toner, as ancillary services to our customers, and the provision of technical and design services for chips at the request of customers.

1.2.2 Corporate culture and social responsibility perspective

Since its establishment, the Group has always maintained the corporate spirit of "Carry through to the end" and served customers with the principle of "work with integrity and efficiency and place customers first" and the management philosophy of "provide customers with quality products and services at competitive prices". The Group's core values are "ambition, innovation, employee development, giving back to society and trust". "Ambition" represents the pursuit of excellence, actively seeking improvement while maintaining the Group's leading position in the cartridge industry. "Innovation" is the spirit of growth of the Group over the years. "Employee development" represents the development opportunities provided by the Group to employees to allow the employees to grow together. "Giving back to society" indicates the Group's strong sense of social responsibility to support the development of the PRC. "Trust" represents our respect towards employees and how we regard each employee as a partner of the Group. The corporate vision of the Group is to put the "China Dream" into practice, make innovative products and improve service level, as well as to continue to expand the scope and scale of business, keep abreast of the times and be creative. The Group's employment philosophy is to cherish talents, make good allocation of talents, cultivate talents and retain talents. The Group has a deep-rooted corporate culture and a strong sense of social responsibility.

Corporate Spirit	• Carry through to the end
Corporate Principle	• Work with integrity and efficiency and place customers first
Management Philosophy	• Provide customers with quality products and services at competitive prices
Core Values	• Ambition, innovation, employee development, giving back to society and trust
Corporate Vision	• Put the "China Dream" into practice, make innovative products and improve service level • Expand the scope and scale of business, keep abreast of the times and be creative
Employment Philosophy	• Cherish talents, make good allocation of talents, cultivate talents and retain talents

1.2.3 Overview of corporate honours

The Group has cultivated the field of cartridge chips for more than a decade, and has established a good corporate image. In 2025, the Group received multiple awards from different associations and municipal bureaus in Zhuhai, the PRC.

The following are the major honours received by Zhuhai Megain, the business entity of the Group, in 2025:



In December 2025, Zhuhai Megain was recognized by the Zhuhai Intellectual Property Protection Association (珠海市知識產權保護協會) as a "Star Enterprise in Intellectual Property Protection" (知識產權保護明星企業) for the year 2025.



In December 2025, Zhuhai Megain was recognized as one of the "Top 100 Innovative Enterprises" (創新型企業100強) at the 3rd High-tech Enterprises Science and Technology Innovation Conference (第三屆高新技術企業科技創新大會).



In February 2025, Zhuhai Megain was recognized by the Zhuhai Science and Technology Innovation Bureau (珠海市科技創新局) as one of the "Top 100 Innovative Enterprises in Zhuhai for Economic Contribution in 2024" (2024年珠海市創新百強企業經濟貢獻100強).



In January 2025, Zhuhai Megain was recognized by the Zhuhai Intellectual Property Bureau (珠海市知識產權局) as an "Advantaged Enterprise in Intellectual Property in Zhuhai" (珠海市知識產權優勢企業).

1.2.4 The ESG statement from the Board

The Board, as the highest authority of the Group, is ultimately responsible for the overall direction, strategy, objectives, performance and reporting of the Group's ESG management and making sure that the Group's ESG management is effective. It is also responsible for overseeing ESG matters, including the identification and prioritisation of ESG key issues and its commitment to the objectives and monitoring of actual performance, ensuring the integration of ESG's philosophy with the Group's strategy.

Standing management meetings are held regularly, led by the members of the senior management of the Company, who report to and help the Board assess the Group's risk management and internal control system for ESG matters, to oversee the achievement of corporate strategic objectives and enhance corporate ESG performance.

1.2.5 The Group's ESG strategy

With the increasing attention of capital markets to ESG, the Group has formulated its strategic objectives in different aspects of ESG. Environmentally, in order to support the PRC to achieve the goals of carbon peak by 2030 and carbon neutrality by 2060, the Group will keep reducing the impact of our operation on the environment by promoting green office and resource recycling to improve resource use efficiency and exert our influence on suppliers, contributing to the establishment of a low-carbon supply chain. Socially, the Group will expand community engagement and engage in social welfare activities by actively participating in volunteer services and social public welfare activities. Regarding the employment relationship, the Group will target on building a harmonious employee relationship through safeguarding the legal rights and interests of employees, providing sufficient employee training resources and career development channels to enable career development for employees, and fostering a safe and healthy working environment for employees.

1.2.6 Stakeholders

Maintaining communication with stakeholders plays an important role in the Group's sustainable development. The Group's stakeholders include the government, shareholders and investors, customers, suppliers, employees, communities and the public as well as the charitable organizations etc. The Group actively maintains communication with various stakeholders through various channels to actively know about their opinions and expectations on the Group's sustainable development performance.



Stakeholders	Expectations and Requirements	Ways of Communication
Government	Anti-corruption and business ethics Privacy and data protection Obey the law and pay taxes according to law Drive the local employment Promote local economic and social development	Receive supervision and review Report the work regularly Attend related meetings Submit information declaration
Shareholders and Investors	ESG management Return on investment Ensure open and transparent information disclosure Secure the rights and interests of shareholders	Shareholders' meeting Report the business situation regularly Enquiry channels Publish announcements and periodic reports
Customers	Provide high-quality products Provide premium services Protect rights and interests	Set up multiple communication channels to understand customer needs and opinions Disclose relevant information
Suppliers	Maintain good business relations Manage justly, fairly and openly Operate with integrity and perform in a timely manner Involved in mutual help and benefit	Sign environmental agreement Conduct strategic cooperation Establish and improve bidding and procurement management Engage in communication activities regularly Disclose relevant information
Employees	Receive competitive salary and benefits Get fair promotion and development Boost competence Ensure health and safety Good work environment	Establish comprehensive employee management system Launch training activities actively Strengthen employee communication through multiple channels Care for employees with hardships Organise activities for employees Disclose relevant information
Community and the Public (such as charitable organizations, educational institutions, etc)	Ensure safe operation of business Foster community development Safeguard social stability Care for the vulnerable group Espouse public causes	Regulate business management Reinforce community interaction Disclose relevant information Organize public activities actively

1.2.7 ESG issues management

In 2025, we identified ESG issues by making reference to the national environmental policy in the PRC, the Guide and the issues of concern of our stakeholders. When analyzing the importance of these issues, we consider two aspects, namely materiality to operation and materiality to stakeholders. Different groups of stakeholders may attach different level of materiality to the same issue and each of the issues may have different level of materiality to the operation of the Group. We assessed ESG issues identified by considering the relevancy of each of the issues to our operation and its possible impact on our performance.

Our assessment results are shown as follows:

LEVEL OF MATERIALITY	ISSUES	ANALYSIS
High	Anti-corruption Corporate governance Enterprise risk management Labour interests and rights protection Occupational health and safety Staff development and training Privacy and data protection Supply chain management Intellectual property protection Product quality Customer service management	The Group is principally engaged in the research, design, development, and sales of compatible printer cartridge and IoT chips. The ESG issues with high level of materiality identified here are typical to a manufacturer which mainly relies on technological innovation for business as they represent concerns of different stakeholders along a production chain. Some of them also demonstrate increased concerns of business ethics.
Moderate	Community public welfare	Community public welfare is classified as moderately material because of the increased concern over social inequality and the national policy of “common prosperity” in the PRC.
General	Energy management Greenhouse gas emission Waste disposal Water resource management Use of natural resources Climate change Responsible marketing	The Group is not in a polluting industry, environmental concerns are classified as general. However, the group still holds the view that they are very important to our sustainable development.

2 ENTERPRISE ENVIRONMENTAL PERFORMANCE ANALYSIS

2.1 ANALYSIS OF ENTERPRISE EMISSIONS

The Group adheres to the path of green development, conscientiously implements various national environmental protection policies, and focuses on long-term development to achieve sustainable business growth. The Group strictly manages its emissions to the environment and adopts new technologies and equipment to achieve the goal of energy conservation and emission reduction. The Group strictly abides by the relevant laws, regulations, standards and provincial, municipal, and local environmental protection management measures regarding exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, which may have a significant impact on the Group, including but not limited to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), Air Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), Water Pollution Prevention and Control Law of the PRC (《中華人民共和國水污染防治法》), Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), Law of the PRC on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》), and Integrated Wastewater Discharge Standard (《污水綜合排放標準》) (GB8978-1996) (the "Relevant Environmental Laws and Regulations").

2.1.1 Related indicator analysis of enterprise emissions

(A) Scope 1 Emissions and intensity of enterprise

The Group's Scope 1 Emission is mainly from the combustion of gasoline in motor vehicles.

The following table shows the Group's Scope 1 Emissions by greenhouse gas type and source in 2025 and the comparative figures for the previous year:

Scope 1 Emissions

	2025		2024	
Type of Greenhouse Gas	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)
Carbon dioxide (CO_2)	9.34	6.02	9.19	6.13
Methane (CH_4)	0.02	0.01	0.02	0.01
Nitrous Oxide (N_2O)	1.16	0.75	1.14	0.76
Total	10.52	6.79	10.36	6.91

In 2025, the Group emitted a total of approximately 10.52 tons of carbon dioxide equivalent of Scope 1 greenhouse gas, with an emission intensity of approximately 6.79 tons/revenue in RMB100 million. The increase in the tons of carbon dioxide equivalent was mainly attributable to the increase in the business activities during the Reporting Period.

The following table shows the estimated air pollutants by type produced by the combustion of gasoline in motor vehicles of the Group in 2025 and the comparative figures for the previous year:

Type of Air Pollutants	2025 Emission (kilogram)	2024 Emission (kilogram)
Nitrogen oxides (NO_x)	38.59	41.55
Sulfur oxides (SO_x)	0.06	0.06
Suspended particulate matter (PM)	3.7	3.98
Total	42.35	45.58

The exhaust gas emitted from combustion of relevant fossil fuels produces pollutants in the air such as nitrogen oxides (NO_x), sulfur oxides (SO_x) and suspended particulate matter (PM).

The emission of exhaust gas decreased from 45.58 kilogram for the year ended 31 December 2024 to 42.35 kilogram for the Reporting Period due to the decrease in using car models which produced more air pollutants.

(B) Scope 2 Emissions and intensity of enterprise

The Group generates Scope 2 greenhouse gas mainly from electricity consumption in operation. In 2025, the Group's total Scope 2 Emissions were approximately 267.06 tons of carbon dioxide equivalent, and its emission intensity was approximately 172.29 tons of carbon dioxide equivalent/ revenue in RMB100 million.

Scope 2 Emissions

Indirect Emissions Sources	2025 Emissions (Tons of Carbon Dioxide Equivalent)	2025 Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)	2024 Emissions (Tons of Carbon Dioxide Equivalent)	2024 Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)
Use of power resources	267.06	172.29	196.26	130.84

Scope 2 greenhouse gas emissions in 2025 increased compared to approximately 196.26 tons of carbon dioxide equivalent in 2024, due to the relocation of our headquarters in the PRC to new premises with a larger floor area.

The industry in which the Group operates is not a polluting one and the Group has established a corporate culture of "spending as necessary". The emission intensity related to the use of power resources of the Group for the Reporting Period was 172.29 tons of carbon dioxide equivalent/ revenue in RMB100 million, fulfilling the target of 180 tons of carbon dioxide equivalent/revenue in RMB100 million set in 2024 after taking into consideration of its number of new products, operation scale and industry trend. The Group also set its sub-target of electricity consumption level at 350,000 kWh as electricity consumption was the major source of emission of the Group in 2024. The Group actively adopts electricity conservation and energy saving measures as well as other measures to reduce the emission, further details of which are set out in the section headed "2.2 ANALYSIS OF ENTERPRISE'S USE OF RESOURCES".

(C) Scope 3 Emissions and intensity of enterprise

In 2025, the Group's Scope 3 Emissions included the following categories specified in the GHG Protocol:

– Category 1: Purchased goods and services

The main purchased goods of our group are raw IC chips used in the production of compatible printer cartridge chips. Based on the life-cycle assessment approach, and drawing on estimates from Ecoinvent, Hewlett Packard, and the European Toner & Inkjet Remanufacturers Association, the carbon dioxide equivalent emissions from producing each raw IC chip are approximately 0.05 kg for an inkjet printer cartridge and 0.10 kg for a laser printer cartridge.

– Category 5: Waste Generated in Operations

The waste generated in operations of our Group includes waste water, office paper and material packages.

– Category 6: Business Travel

Emissions from business travel mainly refers to the carbon dioxide equivalent emissions generated when employees travel by air for business purposes.

The following table shows the Group's Scope 3 Emissions by category under the GHG Protocol:

	2025		2024	
Category under the GHG Protocol	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)	Emissions (Tons of Carbon Dioxide Equivalent)	Emission Intensity (Tons of Carbon Dioxide Equivalent/ revenue in RMB100 million)
Category 1 Purchased Goods and Services	3,976.43		4,866.39	
Category 5 Waste Generated from Operations	814.73		997.56	
Category 6 Business Travel	9.76		13.49	
Scope 3 Emissions	4,800.92	3,093.37	5,877.44	3,918.29

Total discharge and intensity of enterprise wastewater and solid waste

In 2025, the total amount of waste discharged was approximately 255.27 tons, representing an increase of approximately 9.35 tons as compared with approximately 245.92 tons in 2024. The increase was attributable to the increase in wastewater as a result of the relocation of the headquarters in the PRC.

The following table shows the Group's discharge by type of waste in 2025 and the comparative figures for the previous year:

	2025		2024	
Type of Waste	Discharge (ton)	Discharge Intensity (ton/revenue in RMB100 million)	Discharge (ton)	Discharge Intensity (ton/revenue in RMB100 million)
Liquid waste				
Wastewater	253.00	163.23	242.00	161.33
Non-hazardous solid waste				
Office paper	2.27	1.47	3.92	2.62
Total	255.27	164.7	245.92	163.95

In 2025, the Group did not generate any toxic and hazardous waste, whereas it discharged a total of approximately 253.00 tons of wastewater with an emission intensity of approximately 163.23 tons/revenue in RMB100 million. It also discharged a total of 2.27 tons of solid waste, with a discharge intensity of 1.47 tons/revenue in RMB100 million. Among them, solid waste is mainly office paper. The liquid waste increased by approximately 11 tons in 2025 because of the relocation of the headquarters in the PRC to new premises with a larger floor area while the non-hazardous solid waste decreased by approximately 1.65 ton in 2025 because of the decrease in the use of paper for chip testing.

All wastes discharged by the Group are properly treated in accordance with relevant national environmental protection policies and regulations. The wastewater generated by the Group is discharged to the water purification plants after pre-treatment measures to realize the recycling and reuse of wastewater. The non-hazardous waste is handled by the relevant environmental protection department.

Enterprise's method of processing hazardous and non-hazardous waste, measures to reduce its production and the results

The target of the Group on hazardous and non-hazardous wastes discharged is to maintain the discharge intensity at 270 tons/revenue in RMB100 million or below.

The Group attaches great importance to environmental protection, energy conservation and emission-reduction, and timely disposal of hazardous and non-hazardous waste. In terms of specific measures, the sewage would be disposed by the Group to the water purification plants to prevent wastewater from polluting the environment; the abandoned chips are handed over to the renewable resource recycling and registration unit for recycling, which reduces the impact of waste on the environment; the non-recyclable packaging materials are reused by the suppliers, saving packaging costs and reducing packaging waste at the same time.

Regarding office paper consumption, the human resources and administration department of the Company uniformly plans and controls the office paper usage of each department. It reduces waste through centralized purchase and concentrated control. When employees are dealing with non-important tasks and need to use paper, they should try to ensure that the paper is used on both sides. All office documents of the Group are mainly recorded in electronic form.

2.2 ANALYSIS OF ENTERPRISE'S USE OF RESOURCES

2.2.1 Enterprise's main resources consumption structure

The Group advocates saving resources and energy, reducing the consumption of energy and raw materials, and strengthening energy management to improve the level of reasonable energy use, thereby reducing energy consumption and raw materials consumption in engineering projects, and enhancing the recycling of energy and resources in the production process.

The following table shows the Group's various types of resources consumption in 2025 and the comparative figures for the previous year:

Type of Resources	Unit	2025 Consumption	2024 Consumption
Gasoline	Liter	3,956	3,896
Electrical energy	kWh	437,725	321,690
Water	Cubic meter	1,959	2,453

The following table shows the Group's various types of resources consumption intensity in 2025 and the comparative figures for the previous year:

Type of Resources	Unit	2025 Consumption Intensity	2024 Consumption Intensity
Gasoline	Liter/revenue in RMB100 million	2,552	2,597
Electrical energy	kWh/revenue in RMB100 million	282,403	214,460
Water	Cubic meter/revenue in RMB100 million	1,264	1,635

Note: The consumption of gasoline mainly includes the consumption by the Group's self-owned vehicles.

2.2.2 Effective measures for energy use implemented by the enterprise and achievements

– Comprehensive implementation of the Management Measures for Water, Electricity and Paper Conservation (《節約用水用電用紙管理辦法》)

In 2025, the total electrical energy consumption of the Group was 437,725 kWh which is the largest volume of energy the Group consumed, accounting for 96.20% of Scope 1 and 2 Emissions in aggregate of the Group in terms of the tons of carbon dioxide equivalent.

In 2025, the Group fully implemented the Management Measures for Water, Electricity and Paper Conservation to strengthen energy management, improve the level of reasonable energy use, and reduce energy consumption in order to reach the goal of energy-saving and emission reduction. The Group regularly collected statistics on water consumption, formulated and strictly implemented the reasonable and effective water-saving measures for workplaces with large amounts of water consumption. The Group also regularly reviews the configuration of lighting facilities, and adjusts the number of fluorescent lamps and the installation distance of fluorescent lamps in accordance with the actual lighting needs of the office, so as to ensure that while meeting office requirements, electricity consumption can be reduced as much as possible. At the same time, the Group strengthened publicity and education by posting slogans about water and electricity conservation at various premises where water and electricity are consumed, and posting reminders such as saving water and turning off the lights when leaving the premises to enhance employees' awareness of water and electricity conservation.

2.2.3 Enterprise's methods of seeking water sources that is fit for purpose, water efficiency improvement plans and achievements

The Group sought water sources that is fit for purpose in accordance with the relevant national environmental protection policies, laws and regulations, without facing any issues in seeking water sources that are fit for purpose.

In 2025, the Group's total water consumption was approximately 1,959 cubic meters, and the water consumption intensity was approximately 1,264 cubic meters/revenue in RMB100 million representing a year-on-year decrease of approximately 20.14% and 22.69% respectively. The decrease in water consumption in 2025 was a result of the water saving measures taken by the Company.

The Group's water efficiency target is to maintain the water consumption intensity level at not exceeding 2,000 cubic meters/revenue in 100 million RMB.

2.2.4 The total amount of packaging materials used for the enterprise's finished products

The packaging material of the Group's products is mainly plastic. In 2025, the packaging material of finished goods used by the Group totalled approximately 2.8 tons of plastic while in 2024, it totalled approximately 2.7 tons of plastic. The increase was a result of expansion of production.

2.3 ANALYSIS OF ENTERPRISE ENVIRONMENT AND NATURAL RESOURCES

2.3.1 Analysis of the significant impacts of enterprise business activities on the environment and natural resources and related measures

The Group conducts business operations in accordance with relevant national environmental protection policies and emission requirements, and strictly treats the emissions and pollutants generated. All produced emissions and pollutants are recorded with detailed testing and records, which meet the requirements of the Relevant Environmental Laws and Regulations, and have no significant impact on the environment and natural resources.

The Group has no significant impact on the environment and natural resources in the course of its business activities. Minimal noise is produced during the business activities of the Group, which has no impact on the environment when insulated by doors and windows. The Group does not create any dusts during its business activities and the small amount of solid waste generated is transferred to professional companies for treatment. There is no wastewater produced during production process and other wastewater is primarily domestic sewage which is handled by sewage treatment plants.

2.4 CLIMATE CHANGE

2.4.1 Impact of climate change and its management

(I) Governance

The climate has undergone significant changes in recent decades, with rising global temperatures and more frequent extreme weather events. These changes can disrupt business operations and negatively impact the global economy. To tackle climate-related risks and opportunities, effective governance is crucial. Therefore, Megain has implemented a comprehensive governance framework that emphasizes strong oversight from the Board, clear accountability among management, and engagement across the organization. This structure is designed to integrate climate considerations into essential decision-making processes and long-term strategies.

At the Board level, discussions on climate issues are prioritized to ensure that these risks are evaluated alongside other strategic concerns. Management duties related to climate risk are assigned across various departments, fostering a culture where sustainability is embedded in daily operations. This proactive approach not only helps the company address climate challenges but also positions Megain to capitalize on emerging opportunities, reinforcing our commitment to long-term resilience and success.

The Board holds ultimate oversight of Megain's climate-related risks and opportunities, a responsibility that is integral to its routine for guiding corporate strategy and risk management. The Board reviews and approves the company's overarching ESG strategy, ensuring alignment with Megain's long-term business goals and the global shift toward a low-carbon economy. Special emphasis is placed on regulatory compliance, energy management, waste reduction, and the adoption of sustainable practices. Climate change and ESG matters are discussed at least annually during Board meetings.

To effectively oversee strategies addressing climate-related risks and opportunities, the Board assesses its available skills and competencies. This evaluation includes identifying current expertise in sustainability and climate impact, as well as determining areas for development. If gaps are found, the Board focuses on enhancing its capabilities through targeted training opportunities or by bringing in external experts.

The Board takes into account climate-related risks and opportunities in a structured manner when overseeing Megain's strategy, influencing decisions on transactions and shaping risk management processes. For example, when considering investments in equipment or leasing office premises, the Board assesses the trade-offs between risks and opportunities. While investing in new equipment may involve higher initial costs, the Board considers the opportunity of reduced energy expenses, enhanced reputation, and potential regulatory penalties. By actively evaluating these trade-offs, the Board ensures Megain is positioned to seize opportunities while effectively managing associated risks.

Accountability for executing Megain's climate strategy rests with management, who integrates climate considerations into daily operations and strategic planning. Their responsibilities include incorporating energy efficiency and sustainability into office operations and procurement, tracking energy use, recycling, and sustainability initiatives, as well as preparing ESG and climate-related updates. Fostering a culture of sustainability is crucial for success, so all Megain employees are encouraged to participate in ESG and sustainability training to improve their awareness and understanding.

(II) Strategy

Megain has incorporated climate-related risks and opportunities into its core strategic decision-making processes. By assessing their impact on our business model, financials, and value chain, we have developed a resilient strategy that not only mitigates climate-related risks but also enhances our ability to succeed in the transition to a low-carbon future. This forward-thinking approach ensures that we can adapt and thrive in an evolving economic landscape.

A. Climate-related risks and opportunities

Climate risks are typically classified into two major categories:

– Physical risks are risks related to physical impacts of climate change, which can be driven by events such as floods and typhoons (acute risks) or longer-term shifts in climate patterns such as sustained high temperatures and sea level rise (chronic risks).

  Our operational premises are primarily located in Zhuhai City, Guangdong Province, which is situated on the southern coast of the PRC and an area affected frequently by rainstorms and typhoons. In 2025, the southern coast of the PRC was affected by 12 tropical cyclones and typhoons, and our operations were disrupted for 2.5 days due to typhoons. The rainstorms and typhoon season usually extends from July to September each year. A potentially longer and more intense rainstorms and typhoon season could disrupt the Group's daily operations. As a result, rainstorms and typhoons are classified as the primary acute physical risks in our climate-related risk assessment.

  As outlined in the notice to employees, our Zhuhai headquarters office has established special working arrangements in the event of typhoons and rainstorms. To protect the safety of employees and property, our offices in the PRC require employees to follow the instructions of the company and the government, ensuring safe operations under extreme weather conditions

– Transition risks are risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

  In pursuit of carbon neutrality targets and the transition to a low-carbon economy, the government and regulatory bodies may introduce more stringent environmental policies. Additionally, these bodies may enforce stricter ESG disclosure requirements, necessitating more comprehensive reporting from the Group. Given these considerations, the Group will closely monitor existing and emerging trends, as well as climate-related policies and regulations, to ensure timely and appropriate responses.

  Megain has implemented several energy and natural resources saving measures to mitigate the environmental impact of its operation on climate and enhance climate resilience, which were mentioned in the section 2.1. All these measures provided opportunities for energy efficiency improvements and re-design of natural resources use systems such as water supply system.

B. Impact on Business Model, Value Chain and Finance

Megain's business model, focused primarily on indoor operations, faces limited direct exposure to climate-related risks. However, proactive climate action offers opportunities to improve operational efficiency and embed sustainability into our corporate practices. Initiatives like energy savings, waste reduction, and better resource management not only enhance cost efficiency but also boost environmental performance. These efforts align with shifting stakeholder expectations and strengthen the resilience of our business model.

Climate Change

Climate-related risks are expected to have minimal direct impact on Megain's value chain, as most of our suppliers from whom we purchase goods and services for production, as well as customers who use our chips in their production, are geographically close to our place of operation. Additionally, their production lines operate indoors, so their operations are seldom materially affected by extreme weather conditions.

The financial impact of the identified climate-related risks is currently minimal, primarily due to the indoor nature of our operations and the fact that we do not manufacture physical components of printer cartridges. There has been no significant effect on our financial position or earnings. However, we have already capitalized on climate-related opportunities, such as implementing energy-efficient equipment and waste reduction initiatives, which have contributed to lower operating expenditures. We track the cost savings from these sustainability efforts annually, although we do not anticipate any significant changes to our financial position in the near future.

C. Risk Management

Identifying and prioritizing climate-related risks at Megain is a structured process that integrates environmental considerations into our overall risk management framework. The first step involves conducting a comprehensive assessment of potential climate-related hazards that could impact our operations, supply chain, and market dynamics. This includes analyzing both physical risks – such as extreme weather events, rising sea levels, and shifting climate patterns – and transitional risks, which stem from changes in regulations, technology, and consumer behavior as society shifts towards sustainability.

Climate-related risks and opportunities are assessed according to their potential financial implications and their likelihood of occurrence, with special emphasis on operational disruptions and office expenses. This approach enables us to concentrate on the most significant issues that affect Megain's operations and value chain. While we have not performed formal climate scenario analyses or quantitative risk scoring because of our limited exposure, we continuously monitor climate considerations as part of our overall operational and ESG risk management framework.

D. Metric and Targets

The Scope 1, Scope 2 and Scope 3 Emissions of the Group have been disclosed in the section 2.1 "Analysis of Enterprise Emissions" of this report. In 2024, the Group set a series of targets to be achieved by 2025 to 2027 to drive progress in its environmental performance and solidify the Group's commitment towards environmental stewardship and sustainable development. The targets of the Group are summarized in the table below:

Environmental Aspects	Targets	Progress in 2025
Electricity consumption	Maintaining the electricity consumption of the Group at the intensity level of 180 tons of carbon dioxide equivalent/revenue in RMB100 million	Achieved
Hazardous and non-hazardous wastes	Maintaining the wastes discharge intensity of the Group at the level of 270 tons of carbon dioxide equivalent/revenue in RMB100 million	Achieved
Water consumption	Maintaining the water consumption of the Group at the intensity level of not exceeding 2,000 cubic meters/revenue in RMB100 million	Achieved

In 2025, the Group did not use any carbon credits to offset its greenhouse gas emissions. Currently, internal carbon pricing has not been incorporated into decision-making processes. The Group has also not yet adopted specific industry-based metrics for climate-related disclosures due to the unavailability of industry figures. Looking forward, the Group will continue to review its environmental performance and explore effective measures to further reduce greenhouse gas emissions and improve energy efficiency.

Climate-related scenario analysis and climate resilience

In considering the resilience of the Group's strategy and business model to climate-related changes, developments and uncertainties, the Group has taken into account the nature, scale and geographical concentration of its operations.

During the Reporting Period, the Group did not conduct a formal climate-related scenario analysis using multiple climate scenarios. This is primarily because the Group's operations are predominantly indoor-based, non-energy-intensive and geographically concentrated, and the Board considers that the Group's current exposure to climate-related physical and transition risks is limited and does not, at this stage, warrant the use of quantitative climate-related scenario modelling.

Nevertheless, the Board recognises the increasing importance of climate-related scenario analysis as a tool for understanding longer-term climate resilience. The Group currently adopts a qualitative approach in assessing climate-related risks and opportunities by monitoring relevant regulatory developments, macro-climate trends and extreme weather patterns in the regions where the Group operates, and by considering the potential implications of such developments on the Group's operations, cost structure and business continuity.

The Group will continue to evaluate the appropriateness of conducting more formal climate-related scenario analysis in future reporting periods, taking into account the evolution of its business model, operational footprint, regulatory expectations and the availability of relevant data and internal capabilities.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

EXPOSURE OF ASSETS AND BUSINESS ACTIVITIES TO CLIMATE-RELATED RISKS

In assessing exposure to climate-related physical and transition risks, the Group has considered the location, nature and operating characteristics of its assets and business activities.

During the Reporting Period, the Group did not quantify the amount or percentage of assets or business activities that are vulnerable to climate-related physical risks or climate-related transition risks. This is primarily due to the indoor-based nature of the Group's operations, the absence of large-scale physical production facilities, and the fact that the Group's principal assets mainly comprise office premises, research and development facilities and intangible assets, which are not highly sensitive to climate-related physical hazards under current conditions.

Based on the qualitative assessment conducted by the Group, the Board considers that climate-related physical risks, such as extreme weather events, may result in short-term operational disruptions (for example, temporary office closures), but are not expected to have a material adverse impact on the Group's assets or business operations during the Reporting Period.

With regard to climate-related transition risks, the Group closely monitors changes in environmental and climate-related regulations and market expectations. While more stringent disclosure and environmental requirements may increase compliance-related costs over time, the Board currently considers that such risks are unlikely to have a material impact on the Group's assets or business activities in the short term.

The Group will continue to refine its assessment of climate-related physical and transition risks and will consider adopting quantitative methodologies for assessing asset and business activity exposure as appropriate in future reporting periods.

3 CORPORATE SOCIAL RESPONSIBILITY ANALYSIS

3.1 ANALYSIS OF CURRENT EMPLOYMENT SITUATION IN ENTERPRISE

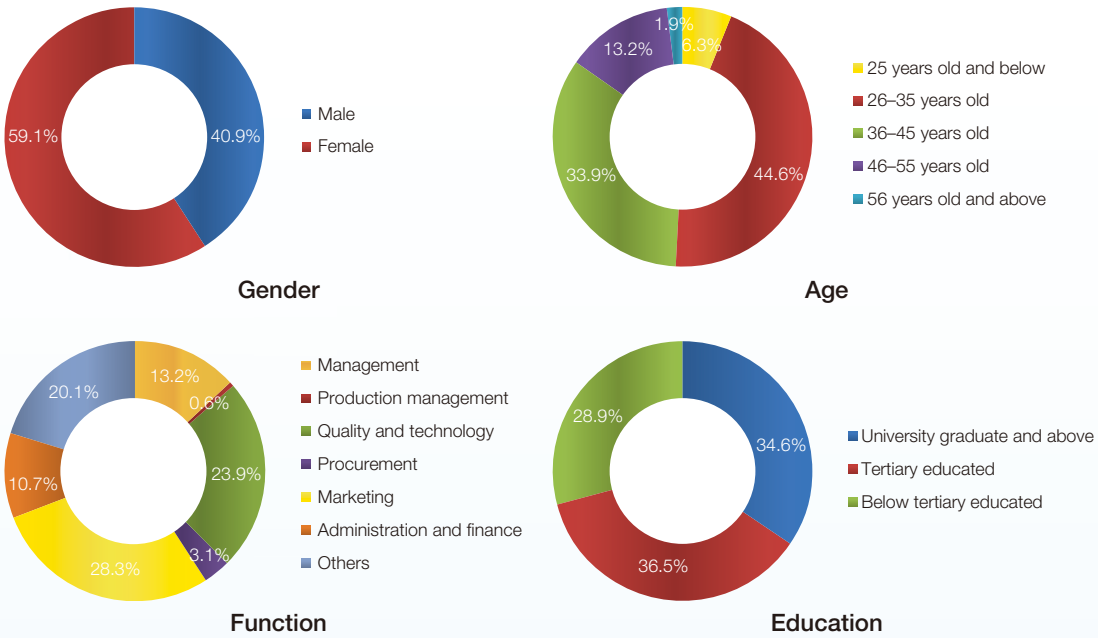
3.1.1 Overview of employees and employment criteria

The Group strictly abides by various laws and regulations such as the Labor Law (《勞動法》) and Labor Contract Law of the PRC (《勞動合同法》). The Group has developed an optimized human resources management system, and clearly stipulates the rights and obligations of employees in the Employee Manual. The Group has formulated a scientific and reasonable compensation system and administrative measures for job titles and awards so as to effectively motivate employees to work. The Group contributes to pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and housing provident fund for employees in accordance with the law. Meanwhile, the Group maintains labor insurance and national health insurance for our employees in Taiwan in accordance with the law. The working hours of employees meet the requirements of relevant national laws, and at the same time they also enjoy the required rest and vacation in accordance with the law. The Group organizes various cultural and recreational activities for our employees on an irregular basis every year, actively providing care and assistance to employees and safeguarding the legitimate rights and interests of employees.

The Group adheres to the recruitment principle of "meticulous planning and organization, all-round scientific assessment, discovery of talents, stringent selection of best candidates for employment and quality before quantity", while the human resources and administration department will carry out recruitment in batches and recruitment for individuals on an irregular basis according to the corporate business development needs and department needs. During the actual recruitment process, methods such as online public recruitment and employees' referral are usually adopted. The probation period for new employees is generally 2 months depending on the signed labor contract. All new employees will be assessed and evaluated by the human resources and administration department during their probation period to decide whether they can become permanent staff. In order to better familiarize new employees with our corporate environment and business, the Group requires all new employees to participate in induction sessions organized for new hires. At the same time, the Group's employee dismissal process strictly follows various staffing-related national laws and regulations such as the Labor Law and the Labor Contract Law.

Working staff by key indicators

Proportion of employees in the Group by main indicators in 2025



As at 31 December 2025, the total number of in-service employees of the Group was 159, all full-time employees. Among them, 149 employees were located in the PRC while 10 employees were located in Hong Kong, Taiwan and overseas.

In 2025, by gender, the male and female distribution of in-service employees of the Group was 65 males to 94 females. The legitimate rights and interests of female employees are protected, as the Group strictly implements the State's Provisions on Labor Protection for Female Employees (《女職工勞動保護規定》) and Special Provisions on Labor Protection for Female Employees (《女職工勞動保護特別規定》) to ensure that female employees enjoy due vacations and insurance in accordance with the law. By age group, the Group has a reasonable distribution of in-service employees at all ages. While focusing on injecting fresh energy into its workforce, the Group cherishes employees with work experience. By function, the Group's employees responsible for quality, technology and production management account for 24.5% of the total number of employees, providing talent guarantee for the Group to export high-quality products. In the event that our employees suffer from personal injuries, occupational diseases and other accidents due to work reasons, they are entitled to work-related injury compensations after they are diagnosed at a designated hospital for medical insurance and obtain an approval and go through the procedures at the human resources and administration department. By education structure, the Group's employees who are university graduates and above account for 34.6% of the total number of employees, showing a high scientific literacy and cultural level holistically.

Employment turnover by key indicators

As at 31 December 2025, the Group's total employee turnover during the Reporting Period was 40, accounting for approximately 25.2% of the total number of employees in service. Among them, the number of employees lost in the management, quality and technical, marketing, administration and finance, and other functions were 3, 12, 15, 3 and 7 respectively, totalling 100% of the employee turnover. Geographically, 37 employees that left the Company were located in the PRC and the remaining 3 employees that left the Company was located outside the PRC. By gender, the turnover rate for males was 11.9% while that for females was 13.2%. By age group, the turnover rate for the age group of 25 years old or below was 4.4%; for the age group of 26 to 35 years old was 11.9%; for the age group of 36 to 45 years old was 5.0%; for the age group of 46 to 55 years old was 1.9%; for the age group of 56 years old or above was 1.9%.



Employee caring activities

3.1.2 Overview of employees' health and safety

The Group pays great attention to the health and safety of employees, and strictly abides by the relevant laws and regulations such as the Labor Law (《中華人民共和國勞動法》), the Fire Protection Law (《中華人民共和國消防法》), the Occupational Disease Prevention and Control Law (《中華人民共和國職業病防治法》) of the PRC, the Regulations on Occupational Health Supervision and Management in the Workplace (《工作場所職業衛生監督管理規定》), and the Work Injury Insurance Regulations (《工傷保險條例》), and strives to create a workplace environment with safety, health, and affinity. The Group ensures that various occupational health and safety management work is in place to provide employees with a safe working environment and avoid occupational hazards. On the basis of observing and implementing relevant work safety regulations, systems, and standards, we inspect and urge managers and employees at all levels of the Group to consciously perform safety duties in their work, thereby strengthening the occupational health and safety awareness for all employees. In 2024, Zhuhai Megain obtained the certification for the Occupational Health and Safety Management System (ISO 45001:2018) which provides a robust framework for establishing, implementing, maintaining, and improving an occupational health and safety management system. It helps the Group systematically manage our health and safety responsibilities, ensuring safe and healthy working conditions. The following are the major measures taken by the Group in 2025 to ensure the health and safety of employees:

– Safety and health training

Based on the laws and regulations such as the Fire Protection Law and the Occupational Disease Prevention and Control Law of the PRC, the Group provides safety and health knowledge and drill training for all employees to raise the occupational health and safety awareness of all staff. In 2025, the Group organized 4 sessions of health and safety related training covering issues such as evacuation drills, safety production knowledge, fire safety drill, etc. There were 269 person-times of employees attending the trainings which spanned approximately 259.5 hours. The safety and health trainings not only promoted the safety and health awareness of all staff but also strengthened the actual safety operational capabilities of our employees.

– Medical checkup for employees

The Group arranges occupational disease checkups each year for employees who are exposed to occupational hazards. Medical staff conducted detailed screening of medical examination items based on the Occupational Disease Prevention and Control Law of the PRC (《中華人民共和國職業病防治法》) and Technical Specifications for Occupational Health Surveillance (《職業健康監護技術規範》) (GBZ 188-2014), and selected examination categories based on the Group's industry characteristics and job differences. The implementation of occupational health examinations has been well-received by employees, allowing employees to improve their awareness of prevention of occupational diseases while understanding their health status. In addition, as part of the employees' welfare, the Group organizes regular medical checkups for all staff each year.

– Environmental monitoring

In order to regulate the affairs related to environmental and occupational health and safety management and strengthen process control to achieve environmental and occupational health and safety management objectives to ensure a pleasant environment and occupational health and safety of employees in production activities, the Group detailed deployment of work procedures such as the signing of safety responsibility certificates, labor protection control, operator certification and safety training management, work and production site design and layout, canteen service staff management, on-site safety management, driver safety management control. The Safety, Health and Environmental Supervision Department is responsible for regularly inspecting the work safety, environmental protection, and prevention and control of occupational diseases in the office, production and living areas of workers, and rectifying any identified safety hazards in a timely manner.

Since 2020, the novel coronavirus epidemic has posed a serious threat to the health of all people, resulting in a huge loss to the economy and society. To safeguard the health and safety of our employees and ensure the smooth commencement of our work, the Group adopted a series of measures to prevent and control the novel coronavirus.

– **Establishing a disease prevention working group**

The Group established a disease prevention working group (referred to as the "Working Group") composed of the chairman of the Company and all department heads. The functions of the Working Group are to (1) formulate a disease prevention management policy, which stipulates preventive measures related to employees' hygiene control and work arrangements; (2) supervise and review the implementation of preventive measures; and (3) strengthen the communication about infectious diseases on daily business operations among the employees and the Board. The Working Group meets up from time to time to discuss the implementation of preventive measures related to infectious diseases, work arrangements and other matters.

In each of the three years ended 31 December 2025, no work-related fatality occurred in the Group. The Group also did not have any lost day recorded due to work injury for the year ended 31 December 2025.

3.1.3 Overview of staff development and training

The Group has formulated a complete staff training system, processes and measures. Every employee of the Group is included in the training system, which can not only provide pre-job trainings for new employees, but also provide on-the-job training for regular employees. The personnel administration department arranges pre-employment training for new employees. The main training content includes introduction of the Group, corporate culture, codes of conduct, rules and regulations, business knowledge, career planning, etc. In order to ensure that new employees are familiar with the environment and can start work as soon as possible, all new employees need to participate in pre-job training during the probation period. At the same time, in order to improve the work efficiency of each employee and enhance the work effectiveness, the Group encourages each regular employee to participate in training courses related to the Group's business, establish training records, and use these records as part of the employee's work ability assessment.

In 2025, the Group conducted 30 training sessions on different topics, including induction training, chips knowledge training, fire safety exercises, ISO system related training, intellectual properties knowledge, and marketing skills. Multi-dimensional training content is made available, including the Group's corporate culture, professional skills, general skills, safety skills, patent rights protection, etc. Diversified forms of training were adopted, including face-to-face training, video training, group interaction, and hands-on drills. A total of 444 person-times of employees joined the training throughout the year. Among them, male employees accounted for 34.2% and female employees accounted for 65.8%. By corporate grade, senior management represented 7.0% of the person-times of employees, middle management represented 16.4% while normal staff represented 76.6%. The total training time was about 1,456 hours. The average training hours completed per male and female employees were 3.70 and 3.06 hours respectively while that of senior management, middle management and normal staff were 3.71, 5.77, 2.70 hours respectively. Through training, the Group provides employees with a full range of resources to support their continuous growth and promote the continuous development of the Group.







Employee trainings

3.1.4 Standards and measures for preventing child or forced labour

The Group strictly abides by the relevant legal requirements such as the National Law on the Protection of Minors (《未成年人保護法》) and Regulations on Prohibition of the Use of Child Labor (《禁止使用童工規定》) to avoid any use of child labor or forced labor in business operations, and maintains its attitude and stance of zero tolerance of any form of child labor and forced labor. We also require this practice be eliminated in reviewing the qualifications of suppliers.

Pursuant to the Regulations on Prohibition of the Use of Child Labor in the PRC, an enterprise is prohibited from employing a person below 16 years old. We shall verify the identification documents to check the age of applicants to ensure no employment of child labor. In addition, the Group will sign labour contracts with employees in compliance with the Labour Contract Law (《勞動合同法》), specifying all details to protect their rights and interests, so as to avoid forced labour.

The Group will take immediate corrective action in case of any violation of laws and regulations in relation to the employment of child labor or forced labor. If any case of child labour or forced labor is found, the contract will be terminated immediately and the human resources manager will be held accountable. In 2025, the Group did not find any violation of laws and regulations in relation to the employment of child labor or forced labor.

3.2 ANALYSIS OF OPERATION AND MANAGEMENT

3.2.1 Overview of supply chain management

The Group is mainly engaged in the research and development of cartridges and chips. It is located in the middle of the industrial chain and has close ties with upstream and downstream entities. The Group purchases a wide range of raw materials, including upstream chemical raw materials, powder ink, electronic components, machinery and equipment, etc. In 2025, the Group cooperated with 63 suppliers, including 58 domestic raw material suppliers, 5 overseas raw material suppliers and 5 international transportation service providers. Based on the concept of win-win cooperation with suppliers, the Group strives to help improve the corporate social responsibility management capabilities of the supply chain, reduce the risks that the supply chain brings to us, ensure the stability of production and operation, and ensure the quality of service to customers.

The Group has made clear regulations on the selection and management of suppliers to ensure proper supplier management and selection. In the selection of suppliers, the Group would fully consider the following factors: whether the supplier is a legal production and operation enterprise approved by the relevant state departments, and abides by national and local laws and regulations; whether the supplier's products meet the quality requirements and pass the relevant tests; whether the supplier has the appropriate technical ability, economic ability, delivery ability, long-term supply ability and good social reputation; whether the supplier has the relevant environmental protection certificate to reduce the potential environmental and social risks in the supply chain.

In 2025, the number of engaged suppliers which complied with our regulations on the selection and management of suppliers was 63, representing approximately 100% of the total number of suppliers engaged by the Group. During the Reporting Period, we mainly monitored through regular enquiries by phone.

The Group signs a Supplier's Environmental Directive Commitment (《供應商環保指令承諾書》) and an Environmental Agreement (《環境協議》) with each supplier to ensure that the products and raw materials provided by suppliers meet the requirements of national, local, and industrial environmental protection laws and regulations, that minimized environmental pollution is caused during production, storage and transportation of the products supplied, and that the excessive pollutants (waste water, exhaust gas, solid waste, noise, etc.) discharged during the production process meet the national emission standards. For companies that do not comply with the rectification or refuse to rectify, which may cause serious pollution or enterprises that have caused major environmental pollution incidents, the Group has the right to terminate the contract and cease cooperation.

The Group also pays attention to our practices in procurement in order to promote environmentally preferable products and services when selecting suppliers. Under the same conditions, we tend to choose the less packaged products suppliers and those suppliers who provide on-line platform for ordering and communication in order to reduce paper consumption. We monitor the performance of suppliers continuously including their choice of production and packaging materials and methods of production. The Group will cease cooperation if they cannot meet our requirements in environmental protection.

3.2.2 Overview of product liability

The Group adheres to the path of safety research and development, intelligent manufacturing, and green development, while paying attention to the green and environmental protection of products. We are committed to providing customers with high-quality products, and continuously optimize the service system, and are dedicated to providing customers with services of the best quality. The Group strictly abides by the relevant laws and regulations that have a significant impact on the Group in terms of the health and safety of the products and services provided, advertising, labeling and remedial methods, including but not limited to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), Production Safety Law of the PRC (《中華人民共和國安全生產法》), Advertising Law of the PRC (《中華人民共和國廣告法》) and Trademark Law of the PRC (《中華人民共和國商標法》). During the Reporting Period, the Group did not have any lawsuits in relation to the violation of the above-mentioned laws and regulations related to health and safety of products and services, advertising, labeling and remedies. If a product does not meet customer requirements and expectations, the Group will process and recall relevant substandard products. Among the products sold by the Group in 2025, there were no products that needed to be recalled due to safety and health issues. In 2025, the Group received 71 customer complaints due to issues with the use of chip auxiliary equipment, the upgrade of the compatible cartridge chips by the original manufacturer, etc. The Group identified the problems in time, solved it properly, and helped the customers to upgrade the product.

– Product quality management and appraisal

The Group takes the ISO9000 quality management system established by the International Organization for Standardization as a guide, and follows the requirements of "inspection control procedures" and "non-conforming control procedures" to conduct quality management and appraisal of products, and clearly control all processes that may produce substandard products. We isolate and dispose of the unqualified products produced, and through institutionalized data analysis, find the root causes of the unqualified products, and prevent the occurrence or recurrence of the unqualified products through corrective or preventive measures, so as to continuously reduce the Group's poor quality costs. Through other ongoing improvement activities to continuously boost the effectiveness and efficiency of the quality management system, we achieve continuous reduction in the Group's costs and continuous growth of profits.

– Relevant measures to ensure product quality

The Group has obtained the ISO9001 quality management system and ISO14001 quality environmental management system certification, and strictly implements the standard requirements to ensure product safety and quality. The Group's product quality policy is "Quality, Service, Technology and Innovation". Following the quality policy, the Group has established a product quality control system from business philosophy (corporate purpose) to work policy, work objectives, procedures and programs, measures, monitoring and self-improvement to ensure product quality. We fully implement the quality management responsibility system, strengthen quality management of the processes, ensure that the Group's product quality meets the standard specifications and customer and design requirements, and prevent the occurrence of quality incidents.

– Management of intellectual property

The Group has implemented intellectual property strategies, and put focus on research and development of new products and pursuit of major technological achievements. Leveraging the well-established research and development capabilities in the area of compatible cartridge, the Group has been launching new products with reliable quality proactively. The Group developed 126 new models of compatible cartridge chips in 2025, including 78 for the desktop laser printers, 48 for the desktop inkjet printers, and 6 new models of IoT chips.

To regulate the patent-related works of the Group, facilitate the enterprise's technological innovation and establish its own intellectual property, promote advancement in production techniques and enhance the market competitiveness and economic return of the Group, we have formulated our own management system on intellectual property in accordance with regulations including the Patent Law of the PRC (《中華人民共和國專利法》), the Implementation Rules of Patent Law of the PRC (《中華人民共和國專利法實施細則》), the Collective Management of Copyright Regulations (《著作權集體管理條例》), the Trademark Law of the PRC (《中華人民共和國商標法》), the Regulation for the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》), the Copyright Law of the PRC (《中華人民共和國著作權法》), the Regulations for the Implementation of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) and the Regulation on Computers Software Protection (《計算機軟件保護條例》), and in view of the actual situation of the Group. The Group aims at strengthening management of technological innovation efforts, including technical development and technical improvement, new techniques promotion and application and achievement management, regulating management of intellectual property, enhancing management level of technological innovation, motivating enthusiasm and creativity of technical staff and raising the Group's self-innovation capacity and technology advancement level. With an acceleration in translating technological advancement to productivity, we put great effort to build up the enterprise's core competitiveness.

In 2023, Zhuhai Megain obtained the certification for the Enterprise Intellectual Property Management System (GB/T 29490-2013) which specifies the requirements for the planning, implementation, inspection and improvement of intellectual property management system by enterprises.

– **Consumer data and privacy**

Consumer data protection and privacy are attached with a very high materiality in information security of the Group. Under the current data protection and privacy policies of the Group, consumer data is classified as confidential in our information system. Each of sales staff must sign an agreement to ensure the privacy of his/her clients is fully protected. Consumer data of different business segments is not allowed to be shared to each other. All consumer data is saved in our customer system and under the custody of all together the sales director, chief executive officer and designated staff in the accounting department.

3.2.3 Brief analysis of anti-corruption measures of the Group

The Group has formulated an anti-corruption and anti-fraud code of conduct and management system through its staff manual. All staff members of the Group are strictly prohibited from secretly receiving or presenting valuables, shopping cards, cash gifts, etc. from or to lessees, equipment suppliers and other related persons. It is strictly forbidden to conduct fund payment without complying with the rules of the Group. Behaviors including fraud, bribery, forgery, extortion, corruption, theft, collusion, embezzlement, misappropriation, misstatement and concealment of material facts and collusion are strictly prohibited.

Anyone who is found to have privately accepted and presented valuables, shopping cards and cash gifts in business activities, depending on the circumstances and value, will be subject to corresponding administrative penalties by the Group such as fines, salary reduction and dismissal. The Group has also established a whistle-blowing policy which encourages its stakeholders, including employees and suppliers, to report genuine concerns about any actual or suspected fraudulent activities, including corruption. The whistle-blowing policy outlines the whistle-blowing channels and the Group will ensure that the identities of the informants and whistle-blowers are kept fully confidential when assisting in the investigation. The Group also regularly review the whistle-blowing policy to ensure its effectiveness. Details of our whistle-blowing policy can be found in our website: www.megaincayman.com. For violations of the criminal law, such cases would be referred to the prosecution authority of the government by the Group. When approving various documents, the head of each business departments should check all the key documents provided by stakeholders such as information, certificates, warrants, statements, contracts, etc., to prevent possible fraud. When it is found that the information, certificates, warrants, statements and contracts provided by customers and other related parties are obviously inconsistent with the actual situation and pose a risk of loss to the Group's funds and property, the relevant business should be suspended until the facts are clarified and the risks are eliminated. When customers and other related parties are found to be suspected of fraud and criminal acts, we should report to the police immediately.

The Group provides anti-corruption training as part of induction training for newly employed staff. New directors appointed will also be provided with anti-corruption training in the directors' training. In 2025, 23 person-times of employees received such training and all Directors received the training related to anti-corruption in their directors' training.

In 2025, cases such as corruption, bribery, extortion, fraud and money laundering did not occur in the Group.

3.3 OVERVIEW OF INVESTMENT IN COMMUNITY

The Group has actively promoted the construction of a harmonious society and continuously strengthened the connection with the community where it is located. The way we chose to promote community harmony is to support basketball tournament through either direct participation or playing the role of sponsor. The basketball team of our Group has participated in many basketball tournaments such as the 2025 Zhuhai Moutai Prince Wine (Gold Prince) Cup Basketball Invitational (2025年珠海茅台王子酒（金王子）盃籃球邀請賽), 2025 "ZOOM+ Cup" 3v3 Basketball Invitational (2025年「ZOOM+盃」3V3籃球邀請賽), 2025 China Basketball Open(Zhuhai Division) and the Second "Business Association Cup" of Zhuhai (2025年中國籃球公開賽珠海賽區暨珠海市第二屆「商協會盃」), 2025 Greater Bay Area 3x3 Basketball Tour - Hengqin Station (2025大灣區3x3籃球巡迴賽－橫琴站), 2025 Nanping Technology Industrial Park All Employee Sports Meet for Fitness Series-Basketball Competition (南屏科技工業園2025年全民健身職工運動會系列之籃球賽), 2025 Sanxi Science and Technology Innovation City "Sanxi Cup" Basketball Competition (2025年三溪科創城「三溪盃」籃球賽), and 2025 Bank of Communications "Success at Once" Basketball Invitational (2025年交行「馬到成功盃」籃球邀請賽).







Education is the foundation of every society. Our students are the pillars of our society in the future. Since 2021, the Group has established the "Megain Scholarship" (美佳音獎學金) to provide financial support to outstanding students studying in the School of Microelectronics Science and Technology at Sun Yat-Sen University. In 2025, we also participated in the recruitment events of some colleges and universities in the PRC in order to recruit talented graduates for the integrated circuit industry.

The Group always takes it as an important mission to give back to the society and fulfill social responsibilities. While improving its business operation, the Group has avoided causing disturbance to the nearby community during the operating activities. We also tried our best to give back to the society, extend our care to the community and practice social responsibilities.





The Group works with charitable organizations, educational institutions, basketball matches organizers, and local government officials from time to time to ensure our programmes meet the local needs. In 2025, the resources, including monetary and in-kind donations, we contributed to the community activities was approximately RMB70,000.