

China Environmental Technology Holdings Limited

中國環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 0646

Environmental, Social and Governance Report 2025

About this Report

This is the tenth Environmental, Social and Governance Report ("**ESG Report**") published by China Environmental Technology Holdings Limited and its subsidiaries (the "**Group**"), which aims to disclose our Environmental, Social and Governance ("**ESG**") performance. Regarding Corporate Governance, please refer to page 12 - 28 of our Annual Report 2025.

Reporting Period and Boundary

This report disclosed our key ESG performances during the reporting period from 1 January 2025 to 31 December 2025 (the "**Reporting Period**", the "**Year**" or "**2025**"). Unless otherwise stated, the contents of this report cover the Group's wastewater treatment business and its mainland offices.

Reporting Framework, Principals and Guidance

This ESG Report is complied with the "comply or explain" provisions in the "Environmental, Social and Governance Reporting Code" under Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This ESG report is further guided by principles of **materiality**, **quantification**, **balance** and **consistency**. Please find more details as below:

Reporting Principles	The Group's response
Materiality:	Through communication with stakeholders, interviews with management and evaluation of substantive topics, we were able to identify economic, environmental and social topics of this report. These topics have a meaningful impact on our operation as well as the decision-making process of our stakeholders.
Quantification:	All facts and data in this report have been checked and analyzed to demonstrate year over year comparison. For data used for matrix calculation please refer to the " Overview of key performance indicators" in this report.
Balance:	We disclose both positive and negative aspects of our operation and performance regarding ESG topics for our stakeholders to review.
Consistency:	To keep the comparability of information, unless otherwise stated, the statistic method in this report is consistent with the past. Explanations have been provided for data with changes in disclosure scope and calculation methods.

Forward-looking Statements

This report contains forward-looking statements, which are based on current expectations, estimates, forecasts, beliefs and assumptions about the business and markets in which the Group operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties and factors beyond the Group's control. Accordingly, actual results and returns may differ materially from the assumptions and statements contained in this report.

Confirm and Approve

The information cited in this report comes from the Group's official documents and statistical data. This report has been reviewed and approved by the company's board of directors (the "Board") on March 31, 2026.

Feedback

Our stakeholders' comments and suggestions are always welcome. Should you have any feedback on our ESG report or our performance of sustainable development, please email us at info@cethl.com.

Statement of the Board

Our board of directors presents this ESG report according to "Environmental, Social and Governance Reporting Code" under Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. To create sustainable value, the Group endeavors to operate our business in an environmental and socially responsible way and include ESG factors into our decision-making process.

Hence, the Group established a rigorous internal monitoring mechanism and set up an ESG management system which fits our needs and future development. We combine top-down and bottom-up approaches to implement our sustainable development strategies. Our Board makes plans for our sustainable development and takes ultimate responsibilities for our ESG strategies, ESG related decisions and the effectiveness of ESG related risk management. Our senior management sets up related indicators and targets as well as guides and monitors the execution. The ESG committee is responsible for implementing and executing sustainable policies. Senior management reports to the Board about problems and experience in execution and the Board will provide solutions whenever necessary.

To better manage the ESG performance of our Group and identify potential risks and opportunities, the Board conducts materiality assessment to evaluate the priorities of ESG related topics with assistance from senior management and opinions from stakeholders.

Stakeholder Communication

We deeply understand the importance of communication and interaction with our stakeholders. It is one of the Group's primary tasks to talk openly and consistently with our stakeholders and take their expectations into consideration. We set up multiple channels to keep communicating with stakeholders and response timely to their suggestions. In this way, our stakeholders can be involved in our ESG management. Please find the communication channels and expectations of our stakeholders:

Stakeholder	Expectation	Communication Channel
Investors/Shareholders	- Information disclosure and transparency - Protection of interests and fair treatment to shareholders - Consistent investment returns - Corporate governance system - ESG management structure	- Announcements and circulars - Company website and email - Meetings and interviews - Annual general meeting - Financial reports
Customers	- Product quality and services - Protection of customer rights - Customer satisfaction	- Daily communication - Customer service hotline and email - Customer satisfaction survey
Employees	- Fair and diversified recruitment - Reasonable compensation and welfare - Career development opportunities - Health and safety - No child and forced labour	- Internet and emails - Trainings - Staff appraisals and performance review meetings
Business Partners	- Supply chain risk management - Transparent procurement - Environment-friendly procurement	- Meetings, emails and phone calls - Review and assessment - Open tendering - Surveys
Regulatory Authorities	- Compliance with rules and laws - Implementation of policies	- Information disclosure - Compliance and financial reports
Community	- Promotion of community development - Involvement in charity - Environment protection	- Charity activities - Community services

Materiality Assessment

To gain a deeper understanding of stakeholders' concerns and expectations regarding the Group's key sustainability issues, we commission an independent third-party consultant to conduct a materiality assessment annually. By inviting key stakeholders to rate sustainability issues relevant to the Group, we are able to effectively identify issues that have a significant impact on the Group's operations and development, and include them in our key monitoring and management scope.

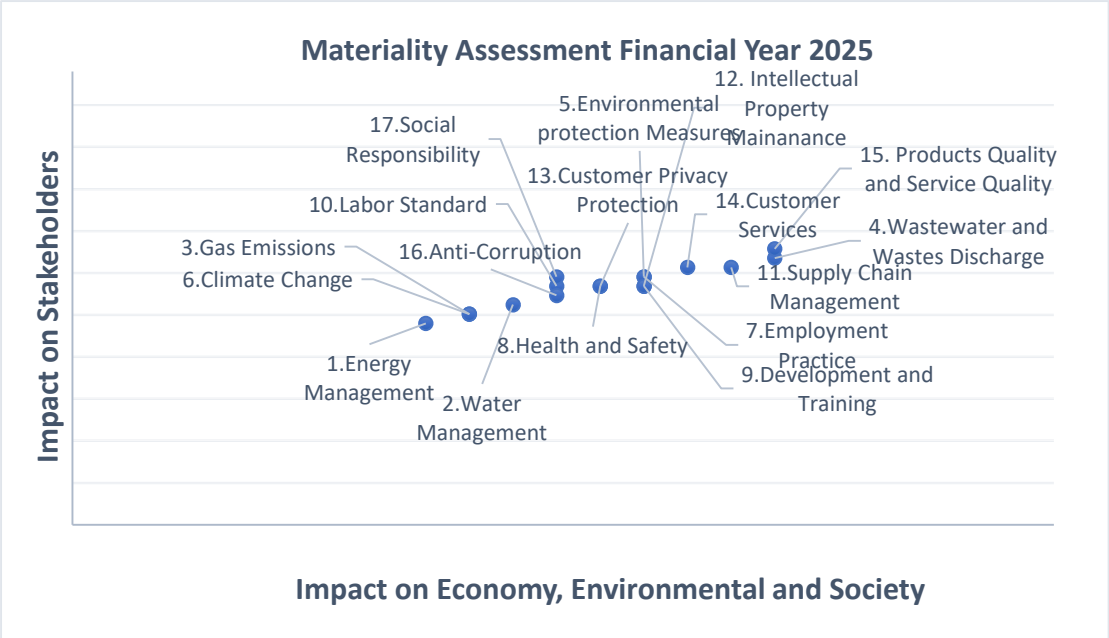
The specific steps for materiality assessment are as follows:

1. **Identification**
By referencing the Stock Exchange's Environmental, Social and Governance Reporting Code and conducting comparative research on issues of concern to peers, we identified 17 sustainability issues relevant to our business.

2. **Rating**
We invited relevant stakeholders from various sectors to participate in an online questionnaire and rate the 17 issues.

3. **Ranking**
Based on the ratings from relevant stakeholders, we prioritized the 17 issues and analyzed them.

The Group's significant environmental, social and governance issues are summarized as follows:



In 2025, the Group reviewed 17 previous Environmental, Social and Governance (ESG) issues. Following the assessment, we continue to prioritize product and service quality as a primary material concern, while wastewater and waste (hazardous and harmless) management has been identified as a core area of focus during this reporting period.

Therefore, the Group has provided detailed and transparent disclosures on the aforementioned material issues in this report and commits to continuously deepening resource investment and management in these areas in future business operations. The Board also confirms that the Group has established a sound and effective ESG management policy and internal control system to fully address the various ESG risks and challenges in 2025 and ensures that the disclosures in this report fully comply with the compliance requirements of the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Code.

Environmental Performance

Our Group pursues a path of "environmental stability and power enhancement" to achieve high-quality growth in green businesses. Through continuous technological innovation and service, we are consolidating our market share in wastewater treatment. Simultaneously, we are vigorously developing our virtual power plant business, actively exploring the synergistic value of energy, water resources, and carbon emission reduction, and are committed to building a uniquely competitive "water-energy-carbon" closed-loop industrial chain, contributing systematic solutions to the achievement of China's dual-carbon goals. We consistently incorporate ESG considerations into our business plans, striving to protect the environment, conserve energy, achieve low-carbon operations, and mitigate our environmental impact.

The Group strictly abides by all environmental laws and regulations including but not limited to the Environmental Protection Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China. During the reporting period, the Group was not aware of any violation of relevant laws and regulations that had a significant impact on the Group.

Combating climate change

Climate change is a major challenge facing human society today. The Group is fully aware of its importance and continues to improve its climate risk strategy system to actively respond to the country’s dual carbon goals. In accordance with the International Financial Reporting Sustainability Disclosure Standard 2 - Climate-related Disclosures (IFRS S2) of the International Sustainability Standards Board, we comprehensively disclose the company's efforts in climate-related risk management and response measures in the four areas of governance, strategy, risk management, and indicators and targets.

Governance

We have established a sound climate change governance system and clearly divided the management responsibilities of each level to promote the dual carbon goals. As the highest decision-making body for ESG governance, the board of directors incorporates risks and opportunities related to climate change into the regulatory scope to ensure that climate factors are fully considered at the strategic level. Senior management is responsible for overall management and reports regularly on progress to the Board. The ESG Working Committee takes the lead in implementing carbon reduction efforts, ensuring that carbon management is specifically implemented and routinely managed in various projects, promoting effective cooperation among different departments, and forming a collaborative force across the company to jointly address climate change.

Strategy

The Group views climate change as a key factor influencing its long-term financial performance. Our climate strategy strictly adheres to IFRS S2 guidelines and has established specific carbon reduction targets and action plans. By integrating climate considerations into our daily operations, we are committed to comprehensively enhancing the company's climate resilience and sustainability capabilities.

We conduct regular climate risk assessments, dividing the timeframe into short-term (1-5 years), medium-term (6-10 years), and long-term (10+ years). We conduct in-depth analyses of entity risks, transformation risks, and climate opportunities, focusing on assessing the potential impact of these factors on the Group's revenue structure, operating costs, and capital expenditures, thereby flexibly adjusting our business strategies.

We highly value transparency and regularly report on the progress of climate action to relevant stakeholders. We actively gather feedback through seminars and reports to optimize existing strategies. Furthermore, the Group actively participates in industry alliances, sharing best practices and working together to promote climate action and future sustainable development.

Risk Management

To better address climate change, the Group, referencing the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and the guidelines of the Hong Kong Stock Exchange, identifies and assesses climate risks and their financial impacts relevant to its business, providing strategic guidance for sustainable development. The Group has established a routine climate risk monitoring mechanism, conducting annual assessments at different timeframes to systematically identify emerging risks. We adjust our response strategies promptly and regularly review the effectiveness of risk management at the Board level to ensure that our management mechanisms are sufficiently forward-looking.

Risk type	Risk Description	Time range	Financial impact	Risk Response
Entity risk				
Acute risk	▪ The increased frequency and severity of typhoons, torrential rains, and extreme heat threaten employee safety and may damage construction sites, power grids, or communication infrastructure.	Short to medium term	▪ Decreased productivity can lead to business disruptions, triggering risks of default or delayed performance, and increasing operating costs for asset repair and reconstruction.	▪ Extreme weather management plans have been incorporated into the business continuity plan. ▪ Flexible work arrangements and preventative measures have been implemented during severe weather, and equipment protection is continuously being optimized to enhance business stability.
Chronic risk	▪ Global warming has led to a rise in long-term average temperatures and sea levels, altering climate patterns and the ecological environment in the operating areas.	Medium to long term	▪ Increased demand for air conditioning and cooling in offices and operating facilities has led to higher energy consumption and operating costs.	▪ We regularly review the climate vulnerability of our operating sites and actively promote energy-saving retrofits for air conditioning and lighting systems.
Transformation risks				
Policy and Market	▪ The global move towards carbon neutrality is triggering changes in the regulatory, technological, and market landscape, including stricter	Short to medium term	▪ Delayed responses will lead to significantly increased compliance costs, potential fines for violations, and even reputational damage and	▪ Continuously monitor global regulatory trends ▪ Set carbon reduction targets, phase out fossil fuels, expand the use of renewable energy, and optimize operational processes ▪ Work with suppliers and employees to enhance climate resilience and comprehensively reduce risks

	environmental regulations and the potential introduction of carbon taxes; at the same time, market expectations for corporate environmental performance are rising.		customer loss due to failure to meet market expectations.	
Opportunity				
Resource benefits	▪ Actively transition to a low-carbon operating model, adopt high-efficiency technologies, and optimize resource allocation to align with the global trend of green economic development.	Short to medium term	▪ Significantly reduces long-term energy and water costs, and offers the opportunity to access lower-cost green financing through strong ESG performance.	▪ Proactively adopt industry best practices and introduce energy-saving and emission-reduction technologies and intelligent management systems. ▪ Actively explore green finance tools to support sustainable development projects.
Resource benefits	▪ Customer demand for environmentally friendly and low-carbon solutions continues to grow, giving companies that prioritize sustainable development a new competitive advantage in the market.	Medium to long term	▪ Expand market share of green products and services, explore new revenue streams, and thereby enhance the company's overall market valuation and brand loyalty.	▪ Increase resource investment in sustainable innovation ▪ Dedicate efforts to researching and developing or providing low-carbon products and services to meet stakeholders' growing expectations for green consumption.

Environment Protection

GHG Emissions

During the reporting period, the Group's total greenhouse gas emissions were approximately 1,627.65 tons of CO2 equivalent. Scope 1 (direct emissions) mainly came from the fuel consumption of the Group's own vehicles; Scope 2 (indirect emissions) originated from the consumption of purchased electricity in daily operations; and Scope 3 (other indirect emissions) mainly covered the carbon emissions generated from the disposal of waste paper in daily office operations.

Indicator	Unit[1]	2025	2024
Scope 1 – Direct GHG emissions[2]	tCO2e	21.21	14.97
Scope 2 – Indirect GHG emissions[3]	tCO2e	1,604.82	1,503.88
Scope 3 – Other indirect GHG emissions	tCO2e	1.61	1.33
Total GHG emissions	tCO2e	1,627.65	1,520.18
Intensity[4]	tCO2e/thousand revenues	0.06	0.06

Notes :

1. Greenhouse gas emission data are presented in carbon dioxide equivalents.
2. References to calculation methods include but are not limited to the "Greenhouse Gas Inventory Protocol: Corporate Accounting and Reporting Standards" published by the World Resources Institute and the World Business Council for Sustainable Development, and "Appendix 2: Environmental Key Performance Indicators" published by the Hong Kong Stock Exchange. Reporting Guidelines and the Global Warming Potential of the Sixth Assessment Report issued by the Intergovernmental Panel on Climate Change.
3. Electricity emissions in China are calculated using the national power grid emission factor published by the Ministry of Ecology and Environment of the People's Republic of China.
4. For the year ended December 31, 2025, the Group's turnover was HK$27,449,000 (2024: HK$27,410,000). This data is also used to calculate other density data.

Target

The Group regularly reviews the progress of its environmental objectives to ensure a continuous reduction in the potential environmental impact of its business operations. Given the substantial business growth in recent years, we comprehensively reviewed the targets set in 2022 during the 2025 reporting period. Regarding the environmental density targets that were not met on schedule due to business expansion, the Group has updated the base year to 2025 and revised its 2030 sustainability goals to accurately reflect the current scale of operations and future commitment to emissions reduction.

Category	Original goals (Based on 2022)	Progress by 2025	Sustainable Development Goals set for 2025	Time range
Greenhouse gas emissions	Reduce greenhouse gas emission density by 2025	Not met (due to business growth)	Using 2025 as the new baseline, reduce emission density by 2030.	Short term
Energy consumption	Reduce energy consumption density by 2025	Not met (due to business growth)	Using 2025 as the new benchmark, reduce energy density by 2030.	Short term
	By 2025, 100% of appliances will have energy-saving labels.	Not met (strategy has been reviewed).	Achieve 100% energy-saving label for appliances	Long term
	By 2030, all vehicles will be replaced by electric vehicles.	Progressing as expected	Completely switch to electric vehicles (maintaining the original target).	Long term
Waste Discharge	Reduce waste emission density by 2025	Not met (due to business growth)	Using 2025 as the new baseline, reduce waste density by 2030.	Short term
	Paper recycling rates are gradually approaching 100%.	Progressing as expected	Paper recycling rate gradually moves towards 100% (maintaining the original target)	Long term
Water consumption	Reduce water consumption density by 2025	Not met (due to business growth)	Using 2025 as the new benchmark, reduce water consumption density by 2030.	Short term
Compliance	Achieving 100% compliant emissions	Fully meet and maintain	Achieving 100% compliant emissions	Long term

Emissions Management

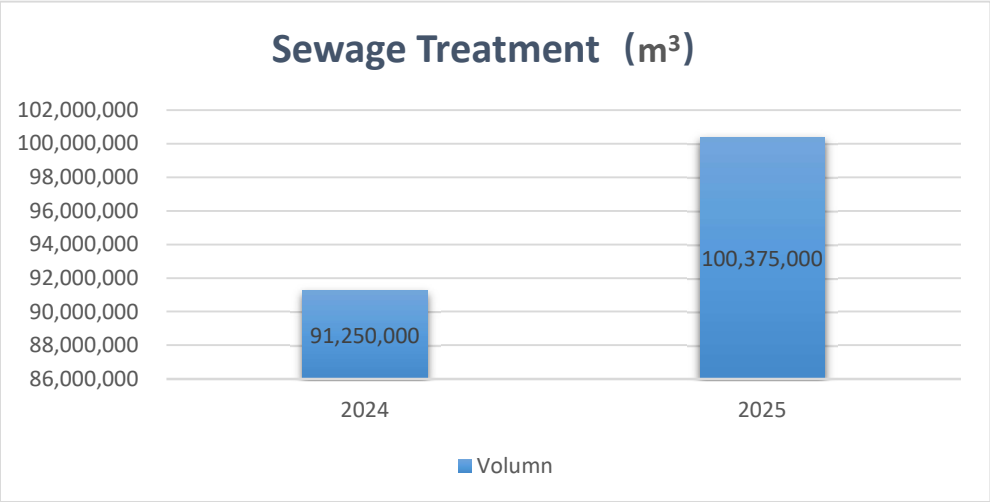
We strictly comply with all local and global laws and regulations regarding environmental protection. In our operations, we effectively monitor and control all elements of the environment to make sure that emissions of exhaust gas, wastewater and other wastes meet the requirements of corresponding standards and regulations. Regarding emissions of exhaust gas and greenhouse gas, as well as discharging toxic and non-toxic wastes into water or on land, in this reporting year, the Group was not aware of any non-compliance with relevant standards, rules and regulations that have a significant impact on the Group. These laws include but not limited to PRC Environmental Protection Law, the Law on the Prevention and Control of Environmental Pollution by Solid Waste, the Law on the Prevention and Control of Atmospheric Pollution and the Law on the Prevention and Control of Water Pollution.

The Group's greenhouse gas ("GHG") emissions were mainly from company-owned vehicles (scope one) and electricity consumption (scope two). The air contaminants produced by our company-owned vehicles include nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM), which were 4.48 kg, 0.12 kg and 0.33 kg respectively. We encourage our employees to use public transport to reduce pollution.

Wastewater Discharge

We strictly comply with national integrated wastewater discharge standard and all other related national requirements. we are committed to guaranteeing up-to-standard wastewater discharge. As one of the best providers of wastewater treatment technology and products in China market, we keep close monitoring of our treatment facilities and undergo testing on quality of water treated. Illegal water emission is strictly forbidden. All treated water is channeled and air-tight before discharge. We promote water recycling and thus wastewater discharge is avoided. And as always, we advise our customers and continuously develop new technology to reduce wastewater discharge to the environment to minimize water pollution.

One major market of our operation is water quality enhancement of rivers and lakes. We committed to cleansing and restoring natural environment during our business by providing high quality water bodies. On sites of our projects, we work closely with customers to pay great attention not only to our own products but also to the wastewater discharging, energy recycling and sludge treatment throughout the entire project. During 2025, 100,375,000 cubic meters of sewage were treated by the sewage plants in Shandong, Guangdong, Hebei, Shaanxi, Heilongjiang, Tianjin, Anhui and Ningxia for which the Group provided technologies and services.



Waste Discharge

Wastes generated by the Group can be classified into two categories: 1) in the wastewater treatment plant, sludge containing heavy metals or pollutants is generated during water treatment and purification; 2) general waste was generated from our office operations. We improve the percentage of nonhazardous wastes recycling as much as possible. At the same time, all waste discharges complied with laws and related regulations. We guarantee air-tight enclosed channeling and storage of waste without exposure to the environment, followed by complete detoxification and dehydration of waste upon discharge point.

The Group is dedicated to promoting waste reduction and separation at the source. Unavoidable wastes are recycled and reused as far as possible, and disposal is only our least preferred solution.

The following table shows the material consumption in our business operations in this reporting year:

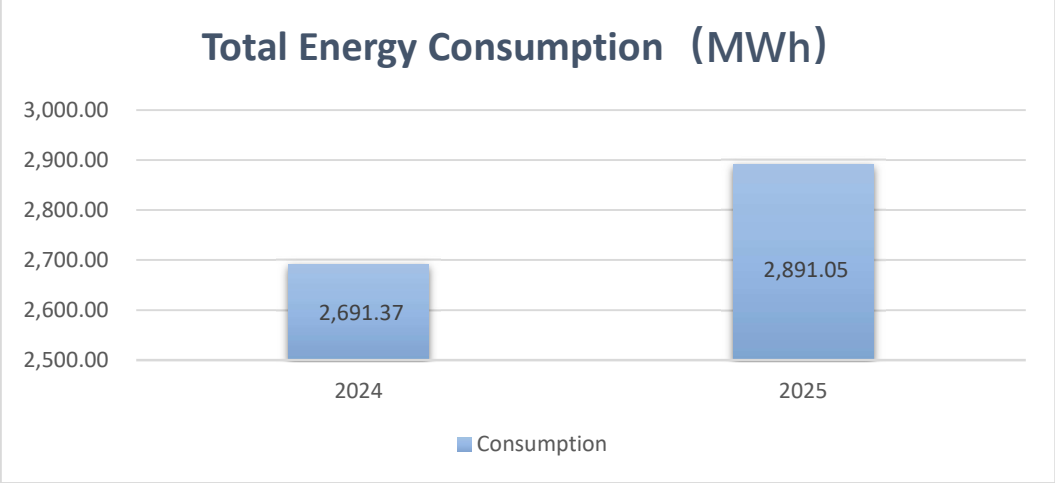
Wastes	Unit	2025	2024
Hazardous Wastes			
Sludge	Ton	4,416.50	4,563.00
Tonner Consumption	Ton	0.01	0.01
Total amount of hazardous waste	Ton	4,416.51	4,563.01
Non Hazardous Wastes			
Paper Consumption	Ton	0.43	0.35
Paper Recycling	Ton	0.09	0.07
Polyaluminium chloride (PAC)	Ton	3,513	3,650
Polyacrylamide (PAM)	Ton	55	55
Total amount of non hazardous wastes	Ton	3,568.52	3,705.42

Resources Consumption

The Group is committed to upholding high standards of environmental stewardship and to minimizing its impact on the environment and the community. We work diligently to reduce material consumption in our operations. We promote green workflow and require our employees to save water, save energy, use more digital files than hard copies and classify waste. At our water treatment sites, commonly applied chemicals are used at low level and wastes are reduced as much as possible. Other materials are reused in subsequent projects whenever possible.

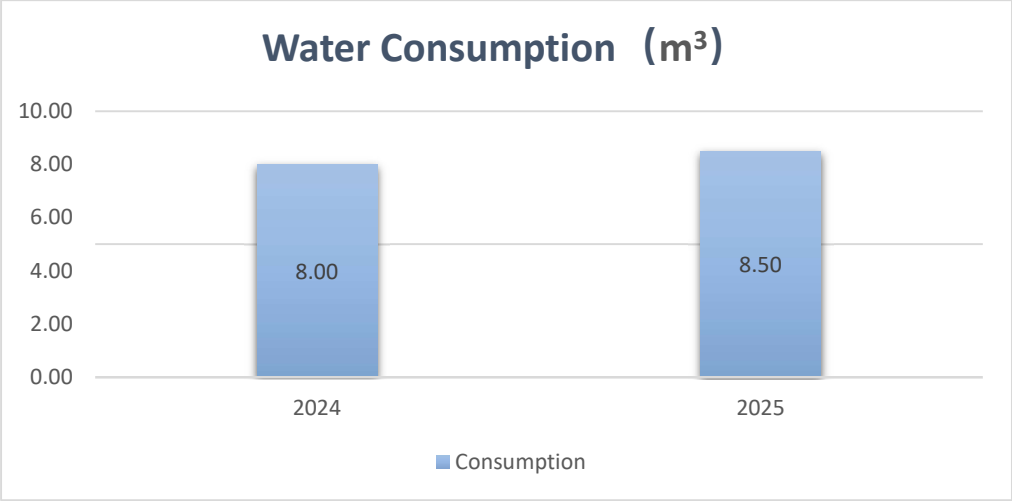
Energy Consumption

We dedicate to using energy efficiently to conserve resources and tackle climate change. In this reporting year, we consumed 2,891.05 MWh of energy, which includes electricity and petrol. Compared with 2024, energy consumption increased by 7%.



Water Management

To cope with global water shortage issue, we are devoted to using water resources wisely and efficiently. Within our operating locations, we emphasize water conservation practices and explore every possible means to better utilize and preserve water resources. In this reporting year, the Group's water consumption was approximately 8.5 cubic meters.



We strive to reduce water usage and conserve water resources. We also advise our customers to cut down water usage and promote water recycling by sewage treatment and water purification. Due to the business nature, the Group did not encounter any problem in sourcing water fit for its purpose during 2025.

Packaging Materials Consumption

As our business does not manufacture or sell any physical product, we almost don’t use any packaging materials.

Environmental Performance

The Group adheres to the best practices in environmental protection and pays attention to the impact of its business on the environment and natural resources. Due to the nature of our business, our consumption and impact on natural resources is limited. However, we are fully aware of our responsibility as a business to actively reduce negative impacts on the environment and strive to achieve sustainable development.

We not only comply with all relevant environmental laws and regulations, but also integrate environmental protection concepts into internal management and daily operations to promote sustainable environmental development. We regularly conduct environmental impact assessments to ensure that our business operations do not cause damage to the ecosystem and develop appropriate response measures for potential risks.

To further reduce the impact of our operations on the environment, we promote green office and encourage our employees to adopt environmentally friendly behaviors, such as reducing paper usage, promoting digital document management and encouraging the use of public transportation. The company has set up an environmental protection team to regularly organize environmental protection publicity activities to enhance employees' environmental awareness and participation.

In terms of procurement, we adopt a green procurement strategy, giving priority to suppliers and products that meet environmental standards to protect natural resources and support a sustainable market. This not only helps reduce resource consumption, but also promotes the environmental transformation of the supply chain.

In addition, we have introduced energy-saving equipment that meets efficiency standards in our offices, such as multi-function photocopiers and LED lighting, to promote green office and reduce energy consumption. We regularly inspect and maintain this equipment to ensure it is operating efficiently and continually seek opportunities for improvement.

During the installation, use and disposal of products, we consider their life cycle, try to choose environmentally friendly materials, avoid harmful substances and reduce the emission of toxic substances. We also encourage our customers and partners to participate in environmental protection actions and promote sustainable development of the entire industry.

Through these comprehensive measures, we hope to make a positive contribution to sustainable social and economic development while protecting the environment and lay a solid foundation for future prosperity.

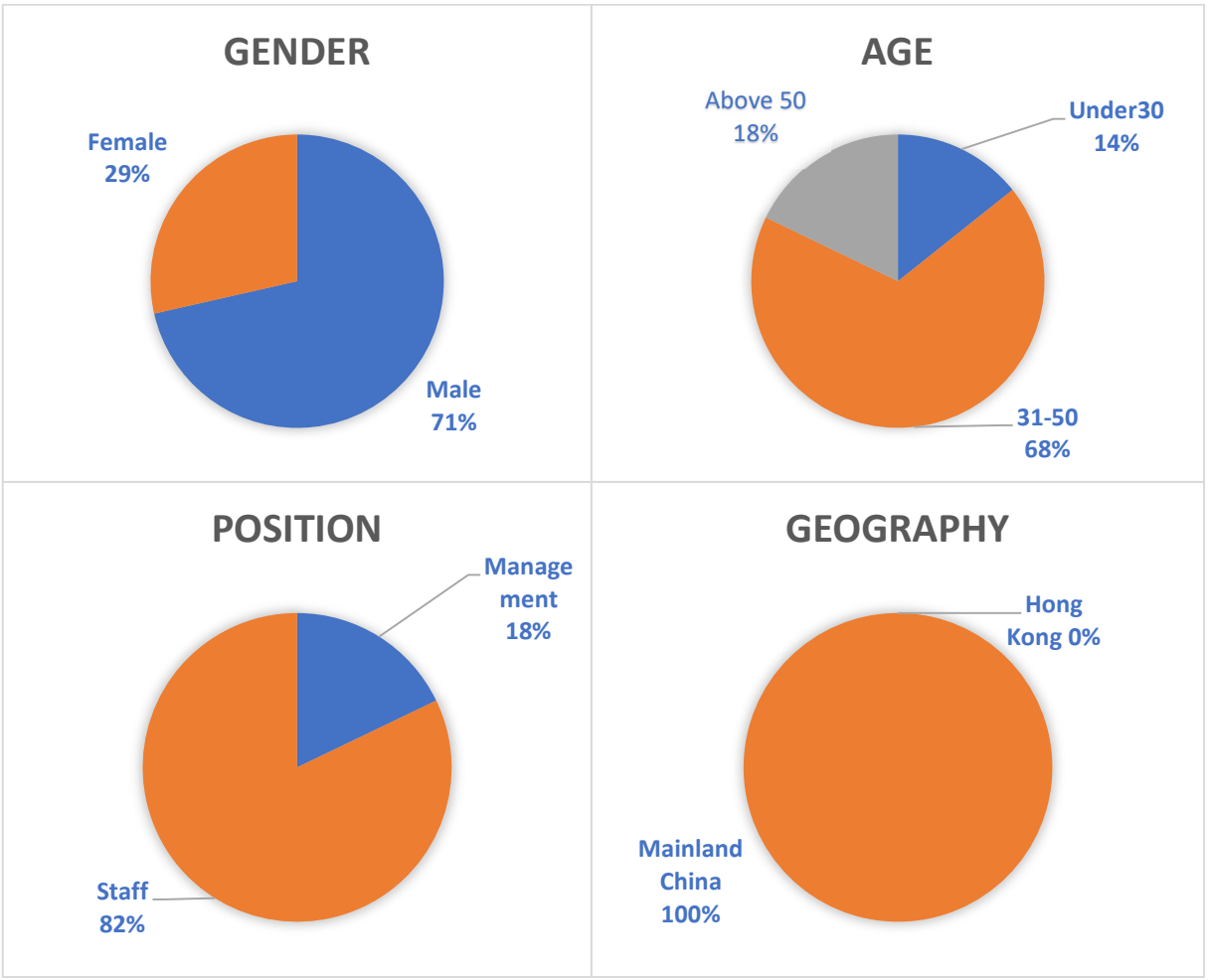
Employment and Labour Practices

Employees are our most valuable asset and the backbone of our sustainable development. The Group adheres to the "people-oriented" philosophy, is committed to protecting the rights and interests of employees, and provides a variety of training and development opportunities to promote their professional growth.

We value the health and safety of our employees and actively promote health management programs to ensure a safe working environment. In addition, we are committed to creating a diverse, inclusive and equal working environment, encouraging employees to realize their potential in diversity and promoting teamwork and innovation..

Recruitment

Fair and just recruitment is the first step to protecting employees' rights and interests. The Group strictly complies with relevant laws and regulations, including but not limited to the Employment Ordinance (Chapter 57 of the laws of Hong Kong) and the Labour Law of the PRC and the Labour Contract Law of PRC. Our HR department establishes and implements recruiting policies, which are overseen by senior management, the internal audit department and the Board to ensure effective compliance. As of 31 December, 2025, China Environmental Protection had a total of 28 employees.



The Group recruits talents through the internet, which is more efficient. We are committed to offering equal opportunities to all applicants and employees irrespective of their inherent background. Any discrimination on race, gender, religion, national origin, physical or mental disability, age, sexual orientation, and gender identity is strictly prohibited during the employment process. We also have a report mailbox for employees so the Group would investigate and take action to prevent any prohibited conduct timely. Besides, in terms of diversity, we not only hire high-caliber local applicants for local positions but also give opportunities to candidates from other regions. In this reporting year, we hired 1 new employee.

Compensation and Welfare

We take fair and good compensation and welfare as one of the most important ways to improve our employees' happiness. The Group provides competitive compensation packages, pays social insurance and benefits as well as provides paid annual leave for our employees. We also purchased employer liability insurance and accident insurance for all employees.

In this reporting year, the Group is not aware of any non-compliance with relevant rules and regulations on employment, recruitment and promotion, working hours, holidays, equal opportunity, discrimination and welfare.

Labour Standard

As a responsible company, the Group strictly complies with all labour-related laws and regulations. An identification check is needed during the hiring process to ensure the employee reaches the legal minimum age and experience for working based on laws and regulations as well as company policies. If there is any violation, we will terminate the labour contract, investigate accountability, and punish responsible people. If there are illegal activities involved, the Group will report to law enforcement institutions. The management of the Group reviews annually the corporate practices relating to the prevention of child labour and forced labour.

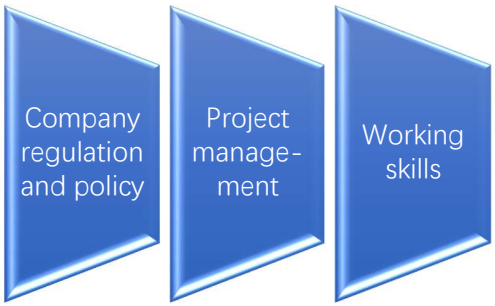
During the reporting year, the Group has not identified any non-compliance in relation to child or forced labour-related laws and regulations, including but not limit to the Employment Ordinance (Chapter 57 of the laws of Hong Kong) and the Labour Law of the PRC and the Labour Contract Law of PRC.

Staff Development

We believe that the development of employees is closely related to the growth of the Group. So we actively provide all kinds of training and development opportunities for our employees. We strive to build our group into a career platform to attract various types of talents to work together.

Training

We pay high attention to our employees' growth and enable them to develop themselves to their fullest potential. The Group provides employees with a set of comprehensive development and training plans, including company regulation and policy training, work skills training and project management training. The training improves our employees' abilities in various ways and enhances the team spirit inside the Group. On the other hand, we offer special training for managers and technicians with job duties based on the needs of respective positions involving environmental risk management, safety, and quality assurance.



Training categories

Health and Safety

It is one of our prime responsibilities to provide a safe and healthy environment for all individuals associated with the Group including staff, contractors and all persons working within its premises. Fire facilities have been installed in all offices and premises. To prevent potential risks, we conduct emergency drills as required by the government. Above the basic insurance required by the government, we also purchased additional insurance for our employees to protect them in a better way.

We specified safety regulations to protect on-site workers. We strictly check the working documents of all on-site contractors to make sure that they have the qualification to work safely. We require our suppliers and business partners should also comply with occupational health and safety regulations. We assess the risk management input of all suppliers regularly and require them to purchase commercial insurance for their employees and necessary assets.

During the reporting period, our management did not receive any reports of work-related deaths or losses due to work-related injuries. We have achieved zero work-related accidents for three consecutive years.

Operating Practice

Supply Chain Management

The Group is aware of the broader impact on our operations from every stage of our supply chain, so we have made policies and regulations accordingly. In addition to commercial considerations, we also emphasis on social and environmental considerations during the selection of suppliers. We are dedicated to choose environment-friendly products with competitive price and good quality to guarantee the health and safety of our customers, prevent pollutions and use natural resources effectively. Addressing the sustainability risks in our supply chain is one of our major ways of minimizing potential negative environmental and social impacts of our procurement decisions.

These policies come up to an open, equitable and ethical purchasing process for all parties by offering equal opportunities to our suppliers and contractors from various geographical locations. Before making agreements with cooperative partners, monitoring visits and checks are conducted to make sure we have the same vision. At the same time, we would like to identify significant potential partners based on their possible impacts on both our operations and the environment. In this way, we believe our partners and us will elevate the standards of sustainability together.

In this reporting year, we worked with 34 suppliers, which are all from mainland China. Our relationship with partners is based on cooperation and mutual trust.

Service Responsibility

As a responsible company, the Group is fully aware of the importance to comply with relevant laws and regulations concerning the provision of our services. This includes but not limited to the Law of the PRC on Protection of Customer Rights and Interests, the Copyright Law of the People's Republic of China. We aim to deliver high-quality standards for the service provided. We constantly communicate with our customers to ensure our service level is up to standards. Communication and feedback channels are created for quality assurance and recall procedures. During the reporting year, the Group did not recall any products due to health or safety reasons, nor received any service-related complaints.

The Group respects and values the management of intellectual property rights with the patent registration process in place with the corresponding process in the regions we operate. We assure you that the Group’s business and customer information are well protected with no misappropriation and are in line with our operation guidelines as well as industry best practices.

Customer Personal Data Protection

The Group strictly follows the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong) and the Law of the PRC on Protection of Customer Rights and Interests to protect the privacy of individuals about personal data accessed by the Group. The Group has its internal procedures to prevent customers' personal information from being misused. Personal data is collected only for lawful and relevant purposes. During the reporting year, the Group did not record any personal data breach or leakage case.

Anti-corruption

The Group believes that high moral standards and credibility are essential for its long-term development. We strictly comply with relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong), Anti-Money Laundering Law of the People's Republic of China, and upholds requirements addressing anti-corruption, anti-bribery, and conflict of interest.

Reporting mechanism

The Group has established a complete set of precaution and reporting procedures to ensure a fair and harmonious corporate culture. We promote open communications to solve problems. When employees have any questions or complaints regarding integrity, we expect and encourage them to speak out and communicate with supervisors, senior management or the board members. We also encourage our employees to provide their opinions and suggestions to improve the working quality of the Group.

Anti-corruption training

The Group provides its employees with instructions and guidance on applicable rules and regulations for the detection and prevention of potential corruption, conflicts of interest, fraud and improper conduct. Employees are also fully aware of the Group's ethical standards. In order to further enhance employees' awareness of anti-corruption, the Group regularly provides anti-corruption training and related information to directors and employees.

Our employees are expected to carry out their work in a responsible and honest manner. All staff must avoid receiving any money or in-kind donation or gifts from either clients or any third parties. If there is any donation of significant amount, employee should immediately report to the senior. Integrity violation will result in serious penalty depending on the corruption cases. In this reporting year, the Group did not observe nor receive any legal cases regarding corrupt practices, bribery, conflicts of interest, extortion, fraud, money laundering brought against the Group or its employees.

Community

Community Investment

During the reporting period, the Group deeply understands that the company's long-term development is closely related to community prosperity. We actively assess the social impact of our operations and encourage employees to participate in community building through donations, volunteer services, and fundraising, creating long-term value for society. Moving forward, we will continue to deepen our cooperation with local organizations and regularly review the actual effectiveness of community investment projects to ensure that resources accurately benefit the community and effectively fulfill our corporate social responsibility.

Overview of key performance indicators

Environmental Performance Indicators

Indicators	Unit	2025	2024
Exhaust Gas			
Nitrogen oxides(NOx)	Kg	4.48	2.79
Sulphur oxides(SOx)	Kg	0.12	0.08
Particulate matter(PM)	Kg	0.33	0.21
GHG			
Scope 1: direct GHG emissions (tCO_2e)	tCO_2e	21.21	14.97
Scope 2: indirect GHG emissions from energy (tCO_2e)	tCO_2e	1,604.82	1,503.88
Scope 3: other GHG emissions (tCO_2e)	tCO_2e	1.61	1.33
Total GHG emissions (tCO_2e)	tCO_2e	1,627.64	1,520.18
GHG Intensity	tCO_2e /thousand Revenue	0.06	0.06
Harmful Wastes			
Total Harmful Wastes	Ton	4,416.51	4,563.01
Harmful Wastes Intensity	Ton/thousand Revenue	0.16	0.17
Harmless Wastes			
Total Harmless Wastes	Ton	3,568.00	3,705.00
Harmless Wastes Intensity	Ton/thousand Revenue	0.13	0.14
Energy Consumption			
Petrol	MWh	77.05	54.37
Electricity	MWh	2,814.00	2,637.00
Total energy consumption (MWh)	MWh	2,891.05	2,691.37
Energy Intensity	MWh/thousand revenue	0.11	0.10
Water Consumption			
Water Consumption	m^3	8.50	8.00
Water consumption Intensity	m^3/thousand revenue	0.0003	0.0003
Sewage	m^3	100,375,000	91,250,000

Social Performance Indicators

Indicators	Unit	2025	2024
Employees			
Number of employees	No. of employees	28	31
New employees	No. of employees	1	1
Type of employees			
Full-time	No. of employees	28	31
Part-time	No. of employees	0	0
Area			
Hong Kong	No. of employees	0	0
Mainland China	No. of employees	28	31
Gender			
Male	No. of employees	20	23
Female	No. of employees	8	8
Age			
30 and under	No. of employees	4	5
31-50	No. of employees	19	17
Above 50	No. of employees	5	9
Position			
Management	No. of employees	5	5
Staff	No. of employees	23	26
Employee turnover			
Turnover rate[5]	%	4	13
Gender[6]			
Male	%	0	4
Female	%	13	38
Age[6]			
30 and under	%	25	20
31-50	%	0	18
Above 50	%	0	0
Employee Training			
Total number of trainees	No. of employees	1	1
Average time of training[7]	Hours	0.29	0.26
Gender			
% of Male[8]	%	0	4
% of Female[8]	%	13	0
Average training time of male[9]	Hours	0.0	0.3
Average training time of female[9]	Hours	1.0	0.0

Position			
% of management training[8]	%	0	100
% of staff training[8]	%	4	4
Average training time of management[9]	Hours	0.0	0.0
Average training time of staff[9]	Hours	0.3	0.3
Health and Safety			
Work Injury	Cases	0	0
Number of employees in work injury	No. of employees	0	0
Lost days due to work injury	Days	0	0
Work-related fatality	No. of employees	0	0
Percentage of work-related fatality	%	0	0
Supplier			
Total number of suppliers	No. of suppliers	34	34
Mainland China	No. of suppliers	34	34
Hong Kong	No. of suppliers	0	0
Other areas	No. of suppliers	0	0
Products recalled due to health and safety reasons			
Percentage of recalled products	%	0	0
Number of complains receives			
Complain	Cases	0	0
In reporting year lawsuits against issuer or its employees			
Lawsuit	Cases	0	0
Community Investment			
Charity investment	Hours	0	0
Volunteer working hours	Hours	0	0

Notes:

5. Overall employee turnover rate = Number of employees who left during the reporting period / Total number of employees at the end of the reporting period * 100%.
6. Employee turnover rate = Number of employees who left during the reporting period (by category) / Total number of employees at the end of the reporting period (by category) * 100%.
7. Average training hours = Total training hours completed during the reporting period / Total number of employees at the end of the reporting period.
8. Percentage of employees trained by category = Total number of employees trained by category during the reporting period / Total number of employees by category during the reporting period * 100%.
9. Average training hours by category = Total training hours completed by category during the reporting period / Total number of employees by category at the end of the reporting period.

HKEX ESG Report Content Index

This report is prepared in accordance with the Environmental, Social and Governance Reporting Code, Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong.

Part B: Mandatory Disclosure Requirements			Location/Notes
Governance structure			Board Statement
Reporting principles			About this report
Reporting principles			About this report
Part C: "Follow or Explain" Clause			
A. Environment			
Aspect A1 Emissions	**General Disclosure** Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer		Emissions Management, Data Performance Summary
	KPI A1.1	The types of emissions and respective emissions data.	
	KPI A1.3	Total hazardous waste produced (in tons) and, (where appropriate), intensity (e.g. per unit of production volume, per facility).	
	KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	
	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.	
Aspect A2: Use of Resources	**General disclosure** Policies on the efficient use of resources, including energy, water and other raw materials.		Resource usage and data presentation summary
	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).	
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	
	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.	

	KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	We do not report on this issue as it is not material to our business. Our business does not manufacture or sell any physical product.
Aspect A3: The Environment and Natural Resources	General disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.		Environmental, Resources Consumption
	KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		Employment and Labour Practices
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Recruitment, Overview of key performance indicators
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		Health and safety, Overview of key performance indicators
	KPI B2.1	The number and rate of work-related deaths each year for the past three years (including the reporting year).	
	KPI B2.2	Lost days due to work injury.	
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	

Aspect B3: Development and Training	**General Disclosure** Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Training, overview of key performance indicators
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	
	KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		Labour standard
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Operating Practices			
Aspect B5: Supply Chain Management	**General Disclosure** Policies on managing environmental and social risks of the supply chain.		Supply chain management, Overview of key performance indicators
	KPI B5.1	Number of suppliers by geographical region.	
	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.	
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	
Aspect B6: Product Responsibility	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		Product responsibility, Overview of key performance indicators
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	
	KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	
	KPI B6.4	Description of quality assurance process and recall procedures.	

	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Customer Personal Data Protection
Aspect B7: Anti-corruption	**General Disclosure** Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		Anti-corruption
	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.	
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	
Community			
Aspect B8: Community Investment	**General Disclosure** Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		Community investment
	KPI B8.1	Focus on areas of contribution (such as education, environmental issues, labor needs, health, culture, and sports).	
	KPI B8.2	Resources (such as money or time) used in the area of focus.	
Part D: Climate-related disclosures			
(I) Governance	(a) the governance body responsible for overseeing climate-related risks and opportunities; and (b) the role of management in the governance processes, monitoring measures and procedures used to monitor, manage and supervise climate-related risks and opportunities.		Addressing Climate Change - Governance
(II) Strategy	Climate-related risks and opportunities	(a) Describe the climate-related risks and opportunities that are reasonably expected to affect the issuer's cash flows, financing channels, or cost of capital in the short, medium, or long term; and	Addressing Climate Change - Strategies and Risk Management
		(b) For each climate-related risk identified by the issuer, explain whether the issuer considers the risk to be a climate-related physical risk or a climate-related transition risk;	
		(c) For each climate-related risk and opportunity identified by the issuer, specify the timeframe (short-term, medium-term, or long-term) in which its reasonable expectation may affect the issuer; and	
		(d) Explain how the issuer defines short-term, medium-term and long-term, and how these definitions are linked to the scope of its strategic decision-making.	
	Business model and value chain	(a) Describe the current and anticipated impact of climate-related risks and opportunities on the issuer's business model and value chain; and	

		(b) Describe where climate-related risks and opportunities are concentrated in the issuer's business model and value chain (e.g., geographic regions, facilities and asset types).	
	Strategy and decision making	(a) Information regarding how the issuer has addressed and plans to address climate-related risks and opportunities in its strategies and decision-making, including how the issuer plans to achieve any of its established climate-related objectives and any legal or regulatory requirements; and	
		(b) How the issuer currently and in the future plans to provide resources for the actions disclosed in paragraph 22(a).	
	Financial condition, financial performance and cash flow		
	Current financial impact	(a) How climate-related risks and opportunities affected the issuer's financial position, financial performance and cash flows during the reporting period; and	Addressing Climate Change - Strategies
		(b) Information regarding the climate-related risks and opportunities identified in paragraph 24(a) when there is a significant risk that would lead to a material adjustment of the carrying amounts of assets and liabilities in the relevant financial statements for the next reporting year.	
	Expected financial impact	(a) The issuer, after considering its strategies for managing climate-related risks and opportunities, and taking into account the following, anticipates how its financial performance will change in the short, medium and long term; and	
		(b) Based on the issuer's strategy for managing climate-related risks and opportunities, it anticipates changes in its financial performance and cash flows in the short, medium and long term.	
	Climate resilience	(a) The issuer's assessment of its climate resilience as of the reporting date; and	In future reports, we will conduct climate-related scenario analyses and disclose relevant information.
		(b) How and when to conduct climate-related scenario analysis.	
(III) Risk Management	(a) The issuer's processes and policies for identifying, assessing, prioritizing, and monitoring climate-related risks; and		Addressing Climate Change - Risk Management
	(b) The issuer's processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities (including information available to the issuer and how it can use climate-related scenario analysis to identify climate-related opportunities); and		

	(c) How the process of identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities is integrated into the issuer's overall risk management process, and to what extent.	
(IV) Indicators and Targets	Greenhouse gas emissions	Addressing Climate Change - Indicators and Targets
	Climate-related transition risks	Addressing Climate Change - Risk Management
	Climate-related physical risks	
	Climate-related opportunities	
	Capital utilization	
	Internal carbon pricing	We have not yet incorporated internal carbon pricing into our decision-making process. We will explore its use in the future.
	Salary	We will explore the feasibility of incorporating climate-related indicators into the compensation considerations for senior management.
	Industry Indicators	We will review internal documents and disclose this key performance indicator as appropriate to ensure

		transparency and compliance.
	Climate-related goals	Addressing Climate Change - Indicators and Targets
	Applicability of cross-industry indicators and industry indicators	Not applicable