Qingdao Holdings International Limited
青島控股國際有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 499)



2025 Environmental, Social and Governance Report

* For identification purposes only

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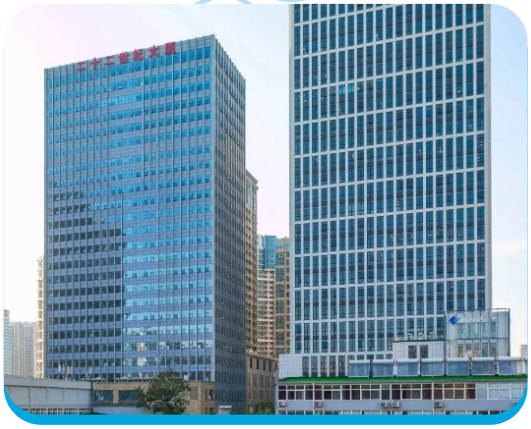
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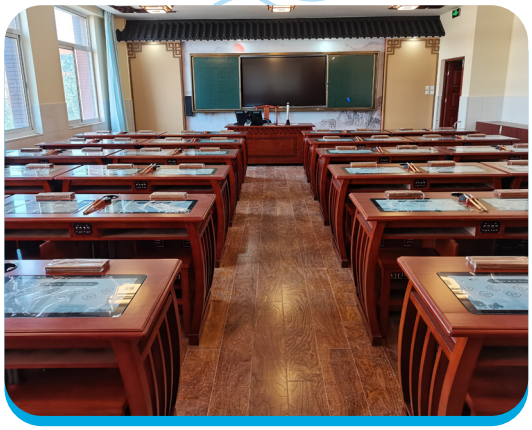
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OUR GROUP

Qingdao Holdings International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is principally engaged in the business of leasing of investment properties, production and sale of the digital Chinese calligraphy education equipment and relevant learning, tutorial systems and the provision of loan financing, consulting services and property development.



Investment properties



Digital Chinese calligraphy

The Group has been striving to capitalize on the trends in technology, artificial intelligence, and related fields. While seeking revenue generation, the Group is always and will continue to adhere to our Environmental, Social, and Governance ("**ESG**") objectives and be responsible to all stakeholders.

OUR REPORT

The Group is pleased to publish our ESG Report (the "**Report**") covering the period from 1 January 2025 to 31 December 2025 (the "**Reporting Period**"). This Report aims to disclose and summarize the Group's ESG sustainable development practices, performance, and outcomes, and vision for addressing the challenges of climate change, pollution, and ethical footprints.

Reporting Guidelines and Principles

The Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix C2 to the Listing Rules. The Report complied with the "comply or explain" provisions of the ESG Guide during the Reporting Period.

This Report is prepared based on the following basic principles:

Materiality	The Group has made an objective and systematic materiality assessment that prioritizes the issues affecting the operation, and the policies, measures, and performance of the Group in terms of environmental and social aspects. Details and results are presented in the section headed "MATERIALITY ASSESSMENT" in this Report.
Quantitative	The Group has disclosed key performance indicators ("**KPI**" or "**KPIs**") with comparative data, mainly on the environmental and social aspects, and has provided relevant standards, methodologies, assumptions, calculation tools, and sources of conversion factors when applicable.
Balance	The Report provides an unbiased picture of the ESG performance to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the Report readers.
Consistency	The Report incorporated consistent reporting techniques and calculation methodologies so that the Report readers can rely on the precision of data. Any changes to the reporting techniques and calculation methodologies will be disclosed.

Reporting Scope and Boundary

During the Reporting Period, leasing of investment properties and production and sale of the digital Chinese calligraphy education equipment contributed the majority of the Group's total revenue. The operations of leasing, as well as production and sale of digital Chinese calligraphy educational equipment, should be deemed to generate material ESG impact for the Group. Determined by the financial threshold and materiality level of the Group's ESG impact, this Report focuses on the Group's 4 subsidiaries, which are located in Hong Kong, Qingdao, and Jinan:

- Qingdao Holdings International Limited
- 青島啟峰科技服務有限公司 ("**Qingdao Qifeng**")
- 核建青控開發建設有限公司 ("**Hejian Qingkong**")
- 山東啟華教育科技有限公司 ("**Shandong Qihua**")

The total operation area, comprising the Group's headquarters, offices, and factory, was 5,901.63 square meters ("**m^2**") (2024: 5,901.63 m^2).

Data Collection

Data in this Report are extracted from the Group's internal management system and statistics, during the Reporting Period or in previous years. The Group's dedication to gathering and analyzing relevant data, formulating and implementing policies, and monitoring progress is evident throughout the Report.

Review and Approval

The Report for the Reporting Period has been reviewed and approved by the Board of the Company (the "**Board**").

SUSTAINABILITY STATEMENT OF THE BOARD

Board's oversight of ESG issues

The Board is the highest decision-making and management authority of the Group. It oversees all ESG-related issues, including climate-related risks and opportunities, and is responsible for the Group's ESG duties. The Board regularly involves the internal and external professionals and always keeps up with the latest ESG requirements and formulates appropriate ESG strategies and practices.

ESG management approach and strategy

The Board attaches great importance to the potential impact of ESG-related issues. By identifying and evaluating ESG risks and reviewing stakeholders' feedback, the Board obtains priority results for ESG-related issues and clarifies the key points of the Group's ESG governance.

ESG progress and targets review

The Group's key ESG KPIs include greenhouse gas ("**GHG**") emissions, resource consumption, sustainable supply chain, its people, consumer satisfaction, and care for society. Taking into account climate-related risks and opportunities as well as improving employees' well-being, the Board issues the board resolutions to make sure the policies and corresponding practices are handed over to each subsidiary from top to bottom. To review progress made against the goals and targets, the Board first identifies areas where the Group can reduce its environmental footprint, such as energy consumption, waste management, and transportation. Then the Board formulates a comprehensive plan to integrate the targets into the daily operation of the factory and the offices. For example, under the leadership of the Board, the Group works to source materials and products from sustainable sources and promote circular economy principles.

In terms of social responsibility, the Group forms kinds of manuals such as the Employee Handbook and the Procurement Scheme, which could facilitate the implementation of ESG strategies and policies. While employees comply with those standards and procedures in their daily work, the Group can ensure that the operations and products are produced in compliance with the highest social and ethical standards. The Group also conducts regular inspections to confirm compliance.

STAKEHOLDER ENGAGEMENT

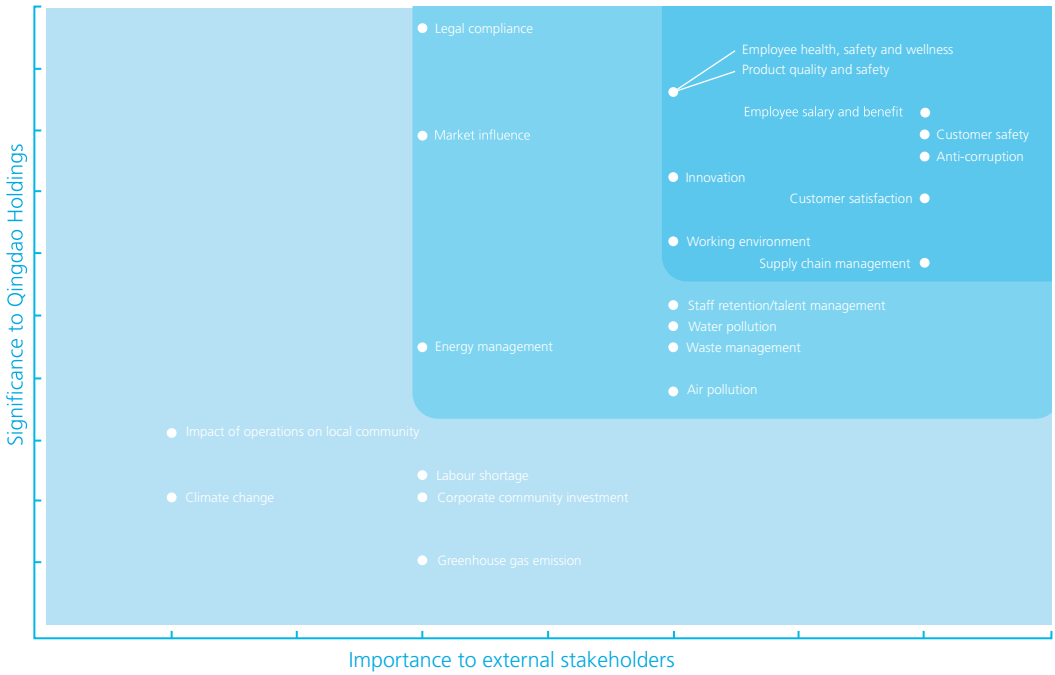
To actively engage with stakeholders, including policymakers, regulators, employees, investors, customers, suppliers, and community members, the Group has established various channels to understand their expectations and concerns so that enhance our performance in sustainable development and implement tangible actions. Below are the communication channels between the Group and stakeholders and their concerned topics.

Stakeholders	Areas of ESG Concerns	Engagement Approaches
Community 	• Community development; • Employment opportunities; • Environmental protection; and • Social welfare.	• Corporate website; • Community service activities; • Media enquiry; and • Press releases and announcements.
Customers 	• Product safety and service quality; • Commercial credibility; • Consumer data protection; and • Operational compliance.	• Brochures and leaflets; • Customer service hotline; • Comments and complaint channels; and • Press releases and multimedia.
Employees 	• Rights and benefits of employees; • Training and development; • Working environment and occupational safety; and • Equal opportunities.	• Regular meetings and team briefings; • Employee trainings; • Performance appraisals; • Notices and circulars; and • Emails and other electronic communications.
Investors and Shareholders 	• Business strategies and performances; • Effective corporate governance; • Sustainable profitability; and • Investment returns.	• Annual general meeting and notices; • Financial statements, reports and announcements; • Corporate website; • Investors briefings; and • Press releases.
Suppliers and Business Partners 	• Payment schedule; • Demand stability; • Operational compliance; and • Quality services and products.	• Contracts and agreements; • Business meetings, supplier conferences and interviews; • Quotations and tendering process; and • Supplier appraisal, assessment and evaluation.
Government and regulatory authorities 	• Compliance with the Listing Rules; • Timely and accurate announcement; • Tax payment as required; and • Disclosure of information and submission of materials.	• Interaction and meetings; • Training and seminars; • Financial statements, reports and announcements; and • Annual reviewal process.

MATERIALITY ASSESSMENT

The Group engaged an independent sustainability consultancy to conduct a materiality assessment and identified 21 ESG-related topics based on the impacts on the stakeholders and whether they reflect the Group's significant environmental and social impact. Directors and senior management ranked the importance of material ESG-related topics according to the Group's sustainable strategies, while employees and external stakeholders ranked the importance of material ESG-related topics based on their opinions and observations.

The result of the materiality assessment of ESG issues is shown below:



STAKEHOLDER FEEDBACK

The Group highly values the opinions of the relevant stakeholders and welcomes feedback through the following contact methods:

Address: Unit No. 8, 26th Floor, Tower 1 Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong

Email: info@qingdaohi.com

CLIMATE CHANGE

The Group recognized that climate-related issues have a significant impact on its business operations and long-term value. To be in compliance with the amendments to the HKEX Listing Rules Appendix C2, which enhanced climate disclosure requirements and took effect on 1 January 2025, the Group, starting from the Reporting Period, will disclose climate-related information based on a four-pillar framework (Governance, Strategy, Risk Management, and Metrics & Targets).

Governance

The Board is responsible for the climate-related risk and opportunities exposure to the Group. The corresponding colleagues of the Group will receive training on climate change on a regular basis (at least once a year) on ESG matters from professional channels such as HKEX. The Board will be briefed by the relevant individuals of the Group once they identify the climate change-related risks and opportunities during daily operations. Once the Board deems such climate factors to have a significant impact on the Group, the Board will take those climate-related risks and opportunities into consideration and may pass a resolution when overseeing its strategic, investment, risk management, and other major decisions. The Group will gradually consider incorporating climate change-related performance metrics into the remuneration policies of the Directors.

Strategy

During the Reporting Period, the Group referred to the models and related parameters of the Intergovernmental Panel on Climate Change ("**IPCC**"), considering the best-case sustainability (i.e., SSP1-2.6 which anticipates net-zero emissions around 2050) vs. worst-case fossil-fueled development (i.e., SSP5-8.5 which forecasts emissions doubling by 2050), and the Network for Green Finance Systems ("**NGFS**"), considering the scenarios from Current Policies to Net Zero 2050, to analyze and assess its physical risks and transition risks as well as potential opportunities over short, medium and long term. Although the analysis and assessment reveal potential climate-related risks and opportunities of the Group, given the ongoing development of climate science, the limitations of available data, and the constraints on the accuracy of predictions, we primarily draw conclusions qualitatively rather than quantitatively.

Type	Description	Business Impact	Financial Impact	Impact horizon*	Regions Affected	Response Measures
Acute physical risk	Extreme weather events (e.g., extreme precipitation, typhoons, flood, heat waves, thunderstorms, etc.)	**Business model:** extreme weather events may occasionally disturb the Group's business operations, e.g., fewer on-site workdays and logistics issues. **Value chain:** extreme weather events may disrupt production and prevent the Group from meeting customers' urgent requirements.	Limited cost impact	Short, medium, and long term	HK and Shandong Province	Implement flexible work arrangements to ensure employee safety while flexibly handling logistics and urgent customer needs.
Chronic physical risk	Sea level rise	**Business model:** sea level rise may cause chronic flooding, shoreline erosion, saltwater intrusion into aquifers, and loss of property. **Value chain:** sea level rise may damage coastal infrastructure, disrupt logistics.	Emergency repairs may raise costs	Long term	HK and Shandong Province	The Group will conduct risk assessment, physical adaptation, and financial planning from a long-term strategy perspective.

Type	Description	Business Impact	Financial Impact	Impact horizon*	Regions Affected	Response Measures
Transition risk	Policy & regulation tightening (e.g., enhanced emissions-reporting obligations, mandates and regulations of existing products and services, substitution of existing products and services with lower emissions) options, etc.)	**Business model:** tightening policy and regulation may increase the compliance fees and expose the Group to non-compliance risks, which may damage its reputation. **Value chain:** the Group has to track and assess emissions across the entire value chain.	Additional investment in carbon accounting tools, upgraded reporting systems, or exposure to financial fines	Short, medium, and long term	HK and Shandong Province	While fulfilling the Group's own regulatory requirements, the Group should also urge its suppliers to comply with regulatory requirements and use tools such as carbon pricing when necessary.
Market Opportunities	Customer preferences are shifting toward more sustainable products and consumption patterns	**Business model:** the customer chooses the environmentally friendly products. **Value Chain:** the Group has to track and assess the value chain.	Increase in revenue	Medium, and long term	HK and Shandong Province	The Group will continue to monitor consumer preferences for sustainable consumption behaviors and develop climate-related transition plans.
Operational Opportunities	Operational energy efficiency optimization	**Business model:** transition energy from a variable operating expense into a strategic lever for profitability. **Value chain:** transition from a linear, cost-intensive structure to a connected, data-driven, and sustainable ecosystem.	Reduce costs and contribute to improved operating margins	Medium, and long term	HK and Shandong Province	The Group will continue to explore energy-saving and emission-reducing production and operation models.

* Time Horizons: Short-term: 5 years; Medium-term: 10 years; Long-term: 25 years and above.

In the future, the Group will regularly monitor climate-related risks and opportunities and, depending on the circumstances, further utilize climate-related scenario analysis to assess its climate resilience, thereby enhancing its ability to adjust its short-, medium-, and long-term strategies and business models in response to climate developments.

Risk Management

The processes and related policies taken by the Group to identify, assess, prioritize, and monitor climate-related risks are summarized as follows:

Identification	The Group has identified a list of climate-related risks and opportunities in its business processes based on current climate change research and its operating environment and business characteristics.
Assessment	The Group conducts a comprehensive assessment of the potential impact and likelihood of climate-related risks and opportunities on its business model, value chain, and financial performance.
Prioritization	The Group prioritizes identified climate-related risks and opportunities based on the likelihood and magnitude.
Monitoring	The Board is responsible for monitoring and regularly assessing identified climate-related risks and opportunities.

Metrics and Targets

GHG emissions

During the Reporting Period, the total GHG emissions generated by the Group was 116.73 tonnes of carbon dioxide equivalent ("**tCO_2-e**") (mainly carbon dioxide, methane, and nitrous oxide) (2024: 116.22 tCO_2-e), and the emission intensity remained unchanged from the previous year, which was 0.020 tCO_2-e/m^2 (2024: 0.020 tCO_2-e/m^2), mainly due to the increased GHG emissions from electricity usage offset by less GHG emissions from paper materials.

Scope	Sources of GHG emissions	2025	2024	2023
		GHG* emissions (in tCO_2-e)		
1	Mobile-Gasoline & Diesel	**9.32**	8.99	9.79
2	Purchased electricity-HK	**6.13**	86.01	85.39
	Purchased electricity-Shandong	**88.08**		
3	Disposal of paper waste	**12.95**	20.96	29.86
	Fresh water processing	**0.25**	0.26	0.40
	Sewage water processing	**–**	–	–
	Total GHG* emissions	**116.73**	116.22	125.44
	Carbon Emission Intensity per m^2	**0.020**	0.020	0.023

* The GHG is calculated according to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" jointly published by Environmental Protection Department and Electrical and Mechanical Services Department.

Climate-related transition risks

During the Reporting Period, 100% of the Group's business activities were vulnerable to climate-related transition risks.

Climate-related physical risks

During the Reporting Period, 100% of the Group's business activities were vulnerable to climate-related physical risks.

Climate-related opportunities

During the reporting period, the Group's assets related to climate-related opportunities accounted for 100%.

Capital deployment

The Group has not allocated separate capital expenditure, financing, or investment deployed specifically for climate-related risks and opportunities.

Internal carbon prices

During the Reporting Period, the Group did not apply carbon pricing in its decision-making.

The Group currently has no plans to use carbon credits to offset GHG emissions in order to achieve the climate-related targets, and therefore does not involve the type, source, or verification arrangements of carbon credits.

Remuneration

During the Reporting Period, the Group did not incorporate climate-related considerations into its remuneration policy.

Industry-based metrics

Due to the dispersed nature of relevant operational data across various business units and the high degree of uncertainty inherent in existing measurement methods, the Group is currently unable to reliably collect various cross-industry indicators in a reasonable and cost-effective manner.

Climate-related targets

Though the Group has no climate-related transition plan, it strives to reduce GHG emissions and provide details of its targets. Please refer to the "Emissions Target" in section "ENVIRONMENTAL PERFORMANCE" in this Report.

ENVIRONMENTAL PERFORMANCE

Emissions Policy

The activities of the Group's businesses were mainly conducted indoors. The Group does not face the risk of emission, which has significant adverse effects on the environment, for example, the Group did not contribute to air (dust and residues), water, and noise pollution during the Reporting Period. In spite of this, the Group is committed to meeting high environmental standards and abides by all material aspects of applicable environmental protection laws and regulations in the PRC, including but not limited to the following:

- The Environmental Protection Law of the PRC;
- The Energy Conservation Law of the PRC;
- Law of the PRC on the Prevention and Control of Water Pollution;
- Law of the PRC on the Prevention and Control of Pollution from Environmental Noise;
- Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste.

During the Reporting Period, the Group did not violate any environmental protection laws or regulations in the region of its operation, nor was it subject to significant fines, non-monetary penalties, or litigation relating to environmental violations.

Exhaust Gas Emissions

The Group's exhaust emissions come from motor vehicles in the factory using gasoline and diesel for commuting and transportation. These vehicles generate direct air pollutants, including nitrogen oxides ("**NOx**"), sulfur oxides ("**SOx**"), and particulate matter ("**PM**").

Types of Exhaust Gas	2025	2024	2023
	Emission Data (kilogram) ("kg")		
Nitrogen Oxides (NOx)	**2.66**	6.07	3.91
Sulphur Dioxide (SO_2)	**0.05**	0.05	0.05
Particulate Matter	**0.19**	0.39	0.29

Hazardous and Non-hazardous Waste

During the Reporting Period, the operating activities of the Group did not generate hazardous waste directly. In spite of that, we still actively keep updated with environmentally friendly technologies to minimize the use of hazardous materials directly or indirectly.

Non-hazardous wastes produced by the Group are mainly due to general office waste and paper, printed matters, and stationery waste. During the Reporting Period, the total paper consumption to be reported accounted for 2.70 tonnes (0.030 t/per capita) to landfill, and 0.2 tonnes (0.002 t/per capita) of waste carton boxes were sold to be recycled.

Emissions Target

Under the guidance of the latest international agreement on climate change, such as the Paris Agreement and China's national "dual carbon" strategy, the Group formulated a series of environmental targets, policies, and measures that aim to reduce the operational impact on the environment and mitigate climate impacts. Though the Group is not required to meet any targets by law or regulation, it sets the voluntary targets, and those targets may be revised to reflect operational changes or when emissions management is considered to be a material topic. The targets were not validated by a third party or derived using a sectoral decarbonization approach. Overall, the Group hopes to achieve lower air emissions and GHG emissions (mainly carbon dioxide, methane, and nitrous oxide, covering greenhouse gas emissions in Scope 1, Scope 2, and Scope 3) and hazardous and non-hazardous KPIs each year than the previous year, which belong to gross and intensity targets and apply to the Group's offices and the factory.

During the Reporting Period, the Group increased KPIs in GHG emissions in the usage of gasoline, diesel, and electricity and decreased KPIs in GHG emissions in paper materials and fresh water processing. Growth in those GHG KPIs was mainly due to more active business operations as the economy recovers. Thus, the Group shall continuously achieve its environmental targets by:

- Control the emissions as well as resource consumption through energy conservation practices, including deploying energy-efficient lighting, switching off idle lighting, computers, and electrical appliances and equipment, monitoring water consumption, using digital technology and recycled paper, encouraging the use of public transport, and using tele or video conferencing as an alternative to business travel;

- Prioritize the procurement of products made from materials with longer durability and a lower carbon footprint.

Fewer paper:	Less municipal solid waste:
The Group implements waste recycling practices and encourages employees to use recycled papers and promotes a paperless office by digitizing documents.	To minimize the employees' usage of plastic bottles to drink water, the Group provides water dispensers to the employees. For that municipal solid waste, it will be properly classified according to its recycling nature and collected for recycling and disposal.

Express box reusing:	Uniform recycling:
The Group sets the space in the office area to facilitate the employees to collect express boxes. When the employees need to deliver goods, they could choose appropriate express boxes instead of using new ones to package the goods.	The Group requires the employees who have worked for less than 3 years and are about to leave the Group to return their uniforms when they are processing their resignation procedures, and thus, those uniforms could be recycled.

Promoting Sustainable Use of Resources

The Group actively promotes various policies and measures for the efficient use of resources and sets out targets for energy-saving purposes among the employees. The Employee Handbook prohibited employees from using high-power devices such as electric stoves in the factory, offices, and dormitories. It also emphasizes that it is not allowed to use tea or pure water to water green plants.

During the Reporting Period, the Group's primary resource consumption was gasoline, diesel, electricity, water, and packaging materials.

Fossil Fuel Consumption – Gasoline and Diesel

During the Report Period, the Group consumed 3,412.20 liters ("**l**") (equals to 33,068.88 kilowatt-hours ("**kWh**"), 367.43 kWh/per capita) of gasoline and 94.95 l (equals to 1,016.27 kWh, 11.29 kWh/per capita) of diesel, which constituted 8.0% of the Group's total carbon footprint.

Energy Consumption – Electricity

The total electricity consumption was 127,331.80 kWh (21.58 kWh/m^2) and constituted 80.71% of the Group's total carbon footprint, which is used to support lighting, air-conditioning, and electrical appliances and equipment.

Energy Consumption – Water

The total water consumption was 579.00 m^3 (6.43 m^3/per capita) and does not entail a significant percentage of the Group's total carbon footprint. Water is supplied and treated by the municipal system and primarily used for daily operational activities. There is no issue for the Group in sourcing water that is fit for purpose.

Packaging Material Used for Finished Products

A total of 2.90 tonnes of paper was mainly used for office operation purposes and used as the printing materials.

The Group utilized a range of packaging materials, including plastic wrapping, stretch films, foam board, and adhesive tape, to package finished calligraphy educational equipment for protection and transportation. In total, approximately 1.52 tonnes (0.05t/RMB'000,000 revenue) of packaging materials were used during the Reporting Period.

The following table provides a summary of the Group's resource consumption:

Use of Resources		2025 Consumption	2025 Intensity	2024 Consumption	2024 Intensity	2023 Consumption	2023 Intensity
1	Mobile-Gasoline & diesel	**34,085.15 kwh**	**378.72 kWh per capital**	32,867.56 kwh	298.80 kWh per capital	35,864.62 kWh	296.40 kWh per capita
2	Purchased electricity	**127,331.80 kwh**	**21.58 kWh/m²**	115,920.50 kwh	19.64 kWh/m²	115,085.10 kWh	20.90 kWh/m²
3	Disposal of printing paper waste	**2.90 t**	**0.03 t per capita**	4.37 t	0.04 t per capita	6.22 t	0.05 t per capita
	Water processing	**579.00 m³**	**6.43 m³ per capita**	624.50 m³	5.68 m³ per capita	933.00 m³	7.71 m³ per capita
	Packaging Materials	**1.52 t**	**0.05 t/ RMB'000,000 revenue^**	9.64 t	0.22 t/ RMB'000,000 revenue^	19.30 t	0.46 t/ RMB'000,000 revenue^

^ During the Reporting Period, the total revenue of the Group was RMB29,639,000 (2024: RMB44,334,000, 2023: RMB42,305,000).

Efficiency Target

The Group's business nature does not consume substantial energy, water, or packaging material usage. Increasing usage of resources will also increase the Group's cost, which does not fit the Group's strategy. Hence, the Group's efficiency target is to make sure the performance of the Reporting Period is better than the previous year so that the Group can gradually reduce the use of resources. In the meantime, the Group always promotes energy, water, or packaging material usage conservation ethos among stakeholders and targets to reduce corresponding consumption through the following practices:

Reduce Energy Consumption:

- Conducts regular vehicle maintenance to ensure optimal vehicle performance and fuel efficiency;
- Conducts regular electrical equipment maintenance to minimize the waste of electrical energy due to high resistance of equipment;
- All lighting, air conditioning, and computers should be turned off after work.

Reduce Water Consumption:

- Encourage employees to pay attention to the importance of water conservation;
- All employees should be responsible for water saving and develop a good habit of water consumption;
- It is normally forbidden to reduce the temperature of circulating water by adding supplementary water to the cooling system;
- Wastewater should be used for watering plants and cleaning office areas;
- If a case of excessive consumption is found, measures should be taken immediately to minimize water wastage.

Reduce Packaging Material Consumption

- Reducing the consumption of printing paper material has been one of the environmental objectives of the Group; all employees were actively reusing and recycling the printing paper material to reduce waste;
- Use the packages whose size fits the product precisely, eliminate unnecessary layers, and avoid excess material;
- Explore innovative and sustainable solutions;
- Encourage the suppliers and the employees to reduce the consumption of packaging materials.

The Environment and Natural Resources

The Group does not identify any significant impacts of activities on the environment and natural resources during the Report Period. Nevertheless, the Group continues to monitor any possible adverse impacts and is committed to controlling the consumption of resources as well as documenting its emissions. As the expectations on corporate responsibility increase, the Group promotes sustainability as one of its business approaches to creating long-term value for its stakeholders. The Group complied with the relevant environmental laws and regulations in Hong Kong and the PRC, and shall adhere to international standards and our green office management practices.

EMPLOYMENT AND LABOUR PRACTICES

"Our employees are our family members, and our customers are our friends" is the Group's value and commitment. To realize the value and implement the commitment, the Group established the employee handbook, which outlines the corporate culture, HR management policy, company policy, work specifications, remuneration and benefits, and labor discipline.

Employment Policy

Fair recruitment:

The Group conducts public and open recruitment and hires on the basis of merit and relevant work experience. The Group requires the HR department to provide a harmonious and professional interview atmosphere and would not take any extra unnecessary procedures to discriminate against any applicants or candidates based on gender, age, disability, religious belief, place of birth, etc.

Talent retention:

The Group offers fair compensation and benefits, including but not limited to monthly salary, bonus, social and medical insurance, transportation and meal subsidy, statutory holidays, maternity leave, specific leave, standard working hours, and limitation on overtime work. The Group conducts annual performance reviews on its employees, which aim to provide equal opportunities and appropriate rewards, and tailor-made training and development plans. The Group also lists the specific criteria for dismissal and will strictly adhere to those criteria if it actually has to do so.

The Group complies with employment regulations, such as the Employment Ordinance and the Minimum Wage Ordinance in Hong Kong and related employment regulations in the PRC. During the Reporting Period, there was no reported incident of noncompliance with laws and regulations relating to employment practices.

Workforce and Turnover

As at 31 December 2025, the total workforce of the Group was 90 (2024: 110). The employee composition of the Group was summarized in the following table.

Employee Structure		2025	2024	2023
Total number of employees		**90**	110	121
By gender	Male	**63.3%**	61.8%	63.6%
	Female	**36.7%**	38.2%	36.4%
By age	18-25	**8.9%**	13.2%	14.0%
	26-35	**43.3%**	46.8%	43.8%
	36-45	**26.7%**	25.9%	25.6%
	46-55	**15.6%**	9.6%	12.4%
	56 or above	**5.5%**	4.5%	4.1%
By employee category	Director and senior management	**15.6%**	10.9%	9.1%
	Middle management	**18.9%**	19.1%	24.0%
	General employee	**65.5%**	70.0%	66.9%
By geographical region	Hong Kong	**20.0%**	10.5%	9.9%
	The PRC	**80.0%**	89.5%	90.1%

The management of the Group pays close attention to the employee turnover issue. The Group will be committed to retaining and motivating talents through adjustments of compensation and benefits package, and introduction of highly skilled and dedicated workforce and professional management teams. The Group will also enhance employee engagement, provide superior training and development opportunities, and ensure seamless communication between management and employees to drive the company's long-term success.

Employee Turnover Rate		2025
By gender	Male	**24.6%**
	Female	**24.2%**
By age	18-25	**12.5%**
	26-35	**28.2%**
	36-45	**20.8%**
	46-55	**21.4%**
	56 or above	**40.0%**
By employee category	Director and senior management	**33.3%**
	Middle management	**17.6%**
	General employee	**27.1%**
By geographical region	Hong Kong	**44.4%**
	The PRC	**19.4%**

Occupational Health and Safety Policy

The Group takes the main responsibility for safety production work and has developed an occupational health and safety policy that prioritizes employee well-being based on the needs of the workplace.

In order to strengthen the employees' safety awareness and ability to deal with emergencies, the Group, at the beginning of each year, convenes all employees to participate in the emergency classes to introduce the safety matters encountered in each working environment. In March of every year, the Group also conducts fire drills and electric shock drills to help the employees master the basic firefighting emergency response skills.

In the post-pandemic economic recovery, the Group continuously emphasizes its hygiene policy, such as keeping the work environment tidy and clean, preventing the printer from paper jams.

The Group complies with the Law of the People's Republic of China Work Safety (中華人民共和國安全生產法), Shandong Province Work Safety Regulations (山東省安全生產條例), Shandong Province Provisions on the Responsibilities of Production and Operation Units for Safety Production (山東省生產經營單位安全生產主體責任規定) and other relevant laws and regulations about production safety management responsibilities both in Hong Kong and the Mainland China. During the Reporting Period, the Group remained fully compliant with all relevant health and safety regulations, and no non-compliance incidents were reported in the past three years.

Occupational Health and Safety Data	**2025**	2024	2023
Number of work injury cases	**0**	0	0
Number of work-related fatalities	**0**	0	0
Lost days due to work injury	**0**	0	0
Work injury rate	**0**	0	0

Human Resources Development and Training

The Group recognizes the importance of employee development and is committed to fostering employee growth. To achieve this, the Group provides its employees with a range of learning opportunities that aim to improve their knowledge and skills. These learning opportunities include both external professional training and on-the-job training, which is designed to enhance employees' job-related competencies.

In line with its mission to promote lifelong learning, the Group also provides an educational grant for employees who wish to pursue further studies or acquire new skills. This grant is aimed at supporting employees' career development paths and enabling them to keep up with emerging technologies and industry trends.

To track the effectiveness of its training programs, the Group maintains records of the training hours completed by employees in each category. The data presented in the following table reflects the average training hours completed per employee and the percentage of employees trained by gender and employee category, providing insight into the Group's commitment to employee development and the success of its training initiatives.

	Unit	**2025**	2024	2023
Average training hours per employee				
By gender				
Male	Hours	**2.0**	2.0	2.0
Female	Hours	**2.0**	2.0	2.0
By employee category				
Directors and senior management	Hours	**2.0**	2.0	2.0
Middle management	Hours	**2.0**	2.0	2.0
General employee	Hours	**–**	–	–
Percentage of employees trained				
By gender				
Male	Percentage	**75**	75	75
Female	Percentage	**25**	25	25
By employee category				
Directors and senior management	Percentage	**50**	50	50
Middle management	Percentage	**50**	50	50
General employee	Percentage	**–**	–	–

Labor Practices and Compliance

The Group strictly complies with the Law of the People's Republic of China on the Protection of Minors by prohibiting the employment of minors. The Group's employee handbook sets out recruitment procedures. Before the interview, the applicant should carefully fill in the job registration form; after the interview and before issuing the official offer, the Group must check the candidates' original ID card, diploma, degree certificate, etc., to make sure the candidates have met the legal age requirements.

The Group's employee handbook also clearly outlines ground rules and regulations concerning labor standards, remuneration and benefits, leave and holidays, occupational health and safety, and how to handle resignation procedures.

During the Reporting Period, the Group remained committed to complying with applicable laws and regulations on preventing child and forced labor.

OPERATING PRACTICES

Supply Chain Management

Shandong Qihua is principally engaged in the production and sale of the digital Chinese calligraphy education equipment and relevant learning, tutorial systems. According to its Procurement Scheme, "High quality and low price" is the basic principle when it conducts procurement. In the meantime, the Group places great emphasis on identifying potential environmental and social risks when selecting suppliers to establish a stable and environmentally preferable supply chain.

During the Reporting Period, 22 of 55 suppliers of the Jinan factory are locally-based suppliers. One of the selection considerations includes minimizing GHG emissions and extra packaging from transportation. In addition, as the materials required for those Chinese calligraphy education equipment and relevant learning, tutorial systems are mainly display and calligraphy table, the Group prefers to choose suppliers that adhere to relevant standards in hazardous or illegal emission restriction and other applicable local, regional, and international environmental regulations. For example, the Group requires that manufacturers of wooden imitation boards have environmental assessment certificates, use environmentally friendly paints, and that the boards meet the national standard E1 level.

The Group also expects its suppliers to adhere to ethical and responsible business practices such as reliability, high quality, delivery date, as well as the suppliers' reputation and financial reliability. The Group requires the suppliers not to violate the laws and regulations, including but not limited to child and forced labor, corruption, and money laundering.

Shandong Qihua implements the Procurement Scheme. Before formal engagement, the Procurement Department assesses the suppliers based on the quality of the goods, the stability of the price, the reputation, and other detailed information about the suppliers. The Quality Inspection Department then conducts quality management procedures. New suppliers must undergo sample testing and batch trials before being considered for inclusion on the approved supplier list. The Quality Inspection Department also maintains a record of qualified suppliers, and those general material suppliers must pass sample verification and small batch trials to maintain their qualification status.

The Procurement Department periodically evaluates the auxiliary materials purchased based on supply inspection records and conducts an annual re-evaluation of qualified suppliers, which takes into consideration factors not only including quality, but also delivery time, etc.

If the Group finds the suppliers have quality issues, it will issue 2 corrective measures handling sheets to help the suppliers improve. If there is no significant improvement, the suppliers will be cancelled from the qualification for supply. In addition, if a supplier's evaluation score falls below a certain threshold, their qualification for supply may also be cancelled.

The Group updates its approved supplier list periodically and communicates it to employees annually. This helps to ensure that employees have access to the most up-to-date supplier information and are able to make informed decisions when selecting suppliers for their procurement needs. By keeping employees informed and up-to-date, the Group is able to maintain a consistent level of quality in its supply chain management system.

During the Reporting Period, the Group had 55 products and services suppliers (2024: 77) on the approved supplier list in the PRC, which was reviewed periodically and updated for employees.

Product Responsibility and Quality Assurance Process

The Group is committed to providing high-quality, environmentally friendly, and safe products and responsible services to its customers. The Group's product design philosophy includes:

- To protect customers' eyesight and reduce their eye fatigue, the Group developed low blue light technology and clear imaging and paper-penetrating effect in the design of the tracing table. The Group obtained the TUVRheinland Low Blue Light Certification (德國萊茵低藍光認證);
- For environmental protection and efficiency, the Group designed a special water-writing board for calligraphy. Students dip the board in water to write, and after finishing, they can wipe it with a cloth to write again, saving Xuan paper and ink;
- The product also adopted a waterproof and wear-resistant design, and can withstand more than 100,000 times of natural friction without scratches;
- To protect teenagers' safety, the Group designed a rounded chamfer for the student calligraphy table;
- The Group made sure that the formaldehyde emission met GB/T3324-2017 & GB18584-2001 standards.





During the production, the Group tests and ensures the raw material quality, trains its employees, conducts in-process quality control, and continuously improves the product. The Group also conducts final quality control and customer due diligence.

The Group has also redefined operations and service flow to improve customer experience and ensure professional and attentive services. Customers can reach out to the Group's customer service hotline for enquiries and feedback. The Group remains dedicated to maintaining high product standards and service quality to meet the evolving needs of its customers.

During the Reporting Period, there were no significant complaints in product and service quality in Hong Kong and the PRC, and the Group remained compliant with all the applicable laws and regulations that have a significant impact on the Group in relation to product responsibility matters.

Advertising and Labelling

In full compliance with applicable laws and regulations, including the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong) and the Consumer Packaging and Labelling Act of Canada, any marketing and promotional activities of the Group give a true description of the specifications and features of our products without containing exaggerated and misrepresented information.

Consumer Data Protection and Privacy Policy

As a responsible enterprise and licensed money lender, the Group adheres to the Personal Data (Privacy) Ordinance to safeguard all personal data collected from customers, employees, and suppliers. The Group's code of conduct outlines the policies and procedures for data protection and privacy, and all personnel handling personal data are trained and aware of the policy. The Group's computer systems and servers are password-protected, and employees are reminded of their responsibility to maintain the confidentiality of all personal data, trade secrets, and proprietary information.

The Group's Employee Handbook also sets forth that during employment and after resignation, any employee is forbidden to disclose the business secrets and personal information of the Group's customers and cooperative units to a third party without the Group's written approval.

After the end of the employment, the Group requires the corresponding personnel to hand over all of the contact information, documents, and other property owned by the Group. The corresponding personnel have to withdraw from all company groups and are forbidden to make, retain, or take away any copies or records related to confidential documents. The administrative department should delete the corresponding personnel's access allowance immediately.

During the Reporting Period, the Group was not aware of any confidential data or information breach.

Protecting Intellectual Property Rights

While the Group will continue to innovate and develop technologies for research and development of products, it recognizes the importance of its trademarks and domain names in building its brand and corporate image and will register all of those intellectual properties accordingly.



In order to raise employees' awareness of intellectual property protection, the Group lists requirements in its Employee Handbook and asks all employees to keep technical and key operational information confidential and not to disclose it to others without the Group's written approval at any time.

The Group complies with regulations on intellectual property rights and takes reasonable measures to prevent any infringement of its own intellectual property rights or those of third parties.

During the Reporting Period, there were no significant infringements of the Group's intellectual property rights.

Anti-corruption and Anti-money Laundering Policies

The Group is committed to conducting business in an honest and transparent manner and complying with all applicable rules and regulations regarding corruption, money laundering, extortion, fraudulent activities, and conflict of interest. Appropriate anti-corruption and anti-money laundering training and promotional materials are available to directors and employees of the Group. As a licensed money lender, the Group has developed a comprehensive credit approval policy and process in accordance with the Money Lenders Ordinance ("**MLO**") to prevent and detect money laundering. All directors and employees must adhere to the Group's ethical considerations when engaged in business activities.

The Group encourages whistleblowing via various reporting channels, such as by email, post, and telephone hotline, to allow stakeholders to file complaints and reports. The Group would keep the identities of whistleblowers confidential and ensure that they are not subject to any acts of retaliation.

During the Reporting Period, the Group provided about one hour of training content about anti-corruption to its employees to study, and was not aware of any non-compliance with relevant laws and regulations that would significantly impact the Group or any corruption litigation against the Group or its employees.

Conflict of Interest Policy and Preventive Measures

The Group's directors and employees are required to avoid conflicts between personal and financial interests and their professional duties. Any situation where directors or employees may gain financially or personally by exercising authority, influencing decisions, or accessing valuable information is strictly prohibited. To further encourage employees to report potential or actual incidents of malpractice or misconduct in relation to corruption and money laundering issues, a whistleblowing policy is in place and promoted within the Group across the operations to prevent the occurrence of situations in which donations and sponsorships are used to conceal the act of bribery or money laundering. The Group's code of conduct includes a whistleblowing procedure that requires employees to report any suspected fraud, irregularities, conflict of interest, or misconduct promptly. The Group provides training and reading materials on the prevention and detection of fraudulent activities to ensure that its employees are aware of the ethical requirements.

COMMUNITY INVESTMENT

Community Engagement

As one of the units to draft and formulate industry standards for smart calligraphy classrooms in China, as well as a socially responsible organization, the Group is committed to promoting the intelligent transformation of community calligraphy education, exploring opportunities to support community events, and encouraging employees to take part in charitable activities that create a positive impact on the community.

On 27 November 2025, Shandong Qihua attended the 2025 promotion conference on educational digital transformation in Jiuquan city.





Shandong Qihua will leverage digital resources and technologies to continuously meet the diverse learning needs of teachers and students, provide efficient, flexible, and comprehensive education industry solutions, continuously promote the integration of AI technology and teaching, and explore new paths for the digital transformation of education.

Through these efforts, the Group aims to give back to the community and demonstrate its commitment to responsible business practices.

Key Performance Indexes Reference Table:

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Policy
KPI A1.1	The types of emissions and respective emissions data.	Exhaust Gas Emissions
KPI A1.2	Repealed 1 January 2025	n/a
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste Note: the Group has not identified any hazardous waste was produced in its core business
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Emissions Target
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.	Emissions Target

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Promoting Sustainable Use of Resources
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).	Promoting Sustainable Use of Resources – Fossil Fuel Consumption – Gasoline and Diesel – Energy Consumption – Electricity
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Promoting Sustainable Use of Resources – Energy Consumption – Water
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Efficiency Target
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.	Efficiency Target
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Promoting Sustainable Use of Resources – Packaging Material Used for Finished Products
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Repealed 1 January 2025	n/a
KPI A4.1	Repealed 1 January 2025	n/a

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
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 Policy
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Workforce and Turnover
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Workforce and Turnover
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.	Occupational Health and Safety Policy
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety Policy
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety Policy
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety Policy

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Human Resources Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Human Resources Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Human Resources Development and Training
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 labor.	Labour Practices and Compliance
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Labour Practices and Compliance
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Practices and Compliance Note: no such incidents were reported during the Reporting Period
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
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.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
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, labeling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility and Quality Assurance Process Advertising and Labelling Consumer Data Protection and Privacy Policy
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility and Quality Assurance Process Note: not applicable to the Group's core operation
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility and Quality Assurance Process Note: no products and service-related complaints received during the Reporting Period
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protecting Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility and Quality Assurance Process
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Consumer Data Protection and Privacy Policy

Aspects, General Disclosures and KPIs	Description	Relevant Chapter or Remarks
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 and Anti-money Laundering Policies
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.	Anti-corruption and Anti-money Laundering Policies
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption and Anti-money Laundering Policies
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption and Anti-money Laundering Policies
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 Engagement
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Community Engagement
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Engagement