YUSEI HOLDINGS LIMITED
友成控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 00096)

2025
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT







*For identification only

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE GROUP

Yusei Holdings Limited (the "Company") and its subsidiaries (collectively the "Group" or "we") are principally engaged in the design, development and fabrication of precision plastic injection moulds, and the manufacture of plastic components in the Peoples' Republic of China (the "PRC"), Mexico and Serbia. The Group also provides services for certain assembling and further processing of plastic components for its customers. The Group's customers are mainly the manufacturers of branded auto parts and components, office equipment and plastic components in the PRC.

ABOUT THIS REPORT

The Environmental, Social and Governance ("ESG") report describes various activities in support of the principle of sustainable development of the Group and its performance in corporate governance in 2025.

All the information contained herein reflects the performance of the Group on environmental protection and social care from the year from January 2025 to December 2025.

Board statement

The board of directors of the Company (the "Board") has an overall responsibility for overseeing and determining the Group's environmental, social, and climate-related risks and opportunities impacting the Group, establishing and adopting the ESG Policy and targets of the Group, and reviewing the Group's performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified.

The ESG working committee serves as a supportive role to the Board in implementing the agreed ESG Policy, targets and strategies; conducting materiality assessments of environmental-related, climate-related, social-related risks and assess how the Group adapts its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuously monitoring of the implementation of measures to address the Group's ESG-related risks. The ESG working committee has to report to the Board regularly on the ESG performance of the Group and the effectiveness of the ESG systems.

Reporting standards

This report is prepared in accordance with the "Environmental, Social and Governance Reporting Code" (the "Code") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and uses the following four reporting principles as the basis for preparing the report.

Reporting Principle	Definition	Application of the Reporting Principle
Materiality	Focusing on environmental, social and governance issues that have a significant impact on the Group and its stakeholders.	The management of the Group identified significant environmental, social and governance issues of the year based on the degree of environmental and social impacts of the manufacturing and sales process, and made key disclosures in the Report.
Quantitative	Key performance indicators should be measurable and, where appropriate, comparable.	The Group records and estimates quantitative data and compares it with past performance where feasible. The quantitative data of social key performance indicators in the Report is derived from the statistical records of the relevant departments of the Group.
Balance	The Report should present the Group's environmental, social and governance performance in an objective manner that avoids selection and omission.	The Report is presented in an objective and unbiased manner to ensure that the information disclosed herein gives a true representation of the Group's overall environmental, social and governance performance.
Consistency	Environmental, social and governance (ESG) reports should be prepared in a consistent manner, including disclosure of statistical methods, so that indicators can be compared and corporate performance can be understood.	Wherever feasible, the Group uses consistent statistical methods. In the event of any changes that may affect comparisons with previous reports, the Group has annotated the Report accordingly.

The information contained herein has been sourced from official documents and statistics of the Group, and was consolidated and compiled with the information on control, management and operations information as provided by the companies under the Group in accordance with the Group's relevant policies.

This report is prepared in both Chinese and English and is available on the Group's website at www.yusei.cn and the Stock Exchange's website at www.hkexnews.hk. In case of contradictions or inconsistencies between the Chinese and the English versions, the Chinese version shall prevail.

Feedback

Our continuous improvement relies on your valuable opinions on our performance and reporting method. If you are in doubt or have any recommendations concerning this report, you are welcome to send us your advice via email at zl-chen@yusei.cn for the continuous improvement of our performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

The Board directly supervises ESG matters and is responsible for formulating and implementing management strategies. The Group has an ESG working committee mainly formulates related management systems, organizes the preparation of reports and continuously optimizes the management system. The Group also provides clear guide to define the terms of reference of the ESG working committee to assist the committee in carrying out ESG related matters. The committee has an ESG working group, which is composed of the heads of various departments. Its main responsibilities are to implement and execute relevant ESG policies and measures, and to collect relevant data for report disclosure.

Risk management

To ensure good corporate governance of the Group, the Group has formulated an enterprise risk management mechanism and internal control system. The Group has established a risk management organizational framework and is composed of the Board members, audit committee members and senior management. The Board is responsible for determining the risks to be undertaken by the Group's policy objectives and reviewing the effectiveness of its system through the audit committee. During the year, the Board believed that the Group's risk management and internal control systems were effective.

Materiality assessment

Management and employees of the Group participated in preparing this ESG Report and assessing and reviewing its operating practices with regards to environment, social and governance aspects, as well as how these operating practices are material to our business operations and stakeholders. Pursuant to the ESG Code, the ESG Report provides a quantitative description of the effectiveness of our ESG-related practices, together with general disclosure of these practices.

The ESG issues considered to be material are listed below:

ESG aspects as set forth in ESG reporting Code material

ESG Aspects as set out in the ESG Code	Material ESG Issues for the Group
Environmental	
A1 Emission	Emission control management
A2 Use of Resources	Effective use of energy
A3 Environment and Natural Resources	The environment and natural resources
A4 Climate Change	Climate-related issues
Social	
B1 Employment and Labour Practices	Employment and labour practice
B2 Health and Safety	Workplace health and safety
B3 Development and Training	Education, training, and career development
B4 Labour standards	Respect for labour rights
B5 Supply Chain Management	Supply chain management
B6 Product Responsibility	Quality and compliance management
B7 Anti-corruption	Moral integrity and anti-corruption
B8 Community Involvement	Community participation

COMMUNICATION WITH STAKEHOLDERS

To the Group, stakeholders refer to the groups or individuals who have significant impact to or are impacted by the business of the Group. The stakeholders of the Group include the management, the employees, as well as the customers, suppliers, business partners, investors, regulators and various community groups. In the past year, the Group maintained communication with key stakeholders through different channels. Through communication with stakeholders, the Group is able to understand the views of the stakeholders to identify the important ESG issues.

SOCIAL PERFORMANCE

The social data are set out below:

	Unit	2023	2024	**2025**
Employee Profile				
Total workforce	No. of people	3,200	3,166	**3,910**
Total workforce by employment type				
Full-time	No. of people	1,770	1,825	**2,385**
Part-time	No. of people	0	0	**0**
Contractual	No. of people	1,430	1,341	**1,525**
Total workforce by gender				
Male	No. of people	2,006	2,058	**2,560**
Female	No. of people	1,194	1,108	**1,350**
Total workforce by rank				
General staff	No. of people	2,999	2,977	**3,697**
Middle management	No. of people	187	174	**198**
Senior management	No. of people	14	15	**15**
Total workforce by age group				
30 or below	No. of people	1,028	1,021	**1,570**
31–50	No. of people	1,964	1,960	**2,150**
Over 50	No. of people	208	185	**190**
Employee Turnover				
Employee turnover rate	%	7.9%	3.7%	**3.8%**
Employee turnover rate by gender				
Male	%	4.6%	4.7%	**4.8%**
Female	%	3.8%	1.9%	**1.9%**
Full-time employee's turnover rate by age group				
30 or below	%	5.8%	4.4%	**5.5%**
31–50	%	3.9%	2.8%	**2.9%**
Over 50	%	0.6%	0.3%	**0.3%**

Social Performance	Unit	2021	2022	2023	2024	**2025**
Occupational Health and Safety						
Work-related fatalities	No. of people	0	0	0	0	**0**
Work injuries	No. of people	11	5	15	23	**23**

Social Performance	Unit	2023	2024	2025
Development and Training				
Total workforce trained	No. of people	3,200	3,153	**3,910**
Employees trained by employee category				
General staff	No. of people	2,999	2,977	**3,697**
Middle management	No. of people	187	174	**198**
Senior management	No. of people	14	15	**15**
Average training hours per employees by employee category				
General staff	Hours/employees	18	18	**18**
Middle management	Hours/employees	80	80	**80**
Senior management	Hours/employees	90	90	**90**
Supply Chain Management				
Number of suppliers by geographic location				
Mainland China	No. of suppliers	470	470	**480**
Germany	No. of suppliers	8	10	**15**
Other regions	No. of suppliers	10	10	**15**
Product Responsibility				
Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0%	0%	**0%**
Number of products and service related complaints received	No. of complaints	0	0	**0**

CARE FOR EMPLOYEES

Quality of workplace

Employees are our most precious asset. As the Group expands, loyal and industrious employees are presented with many opportunities for career advancement. The Group adopts non-discriminatory employment practices and provides a safe and healthy workplace. In 2025, the Group is committed to cultivating excellent employees and rewarding them based on their respective performance and productivity. The Group will review staff's remuneration packages every year to ensure that employees' pay returns are fair and competitive. The Group purchases comprehensive medical care and disability insurance for employees and provides retirement plans. Employees can also redeploy among companies of the Group as needed.

Working conditions

A safe, efficient and comfortable working environment is very important for companies to achieve sustainable development. In addition to complying with international labor standards and the laws of the region where the business is located, the Group's operating companies have their own internal guidelines and systems to ensure the health and safety of employees.

We are committed to providing a work environment free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation. We provide equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The concept of diversified personnel will help to strengthen the Group, bringing different talents and skills.

The Group seeks to attract and retain talented employees through providing a work environment that promotes values such as fair play, respect and integrity. Compensation packages are competitive, and the promotion and rewards of employees are based on merits and the contributions that they can bring to the Group.

In order to improve the physical and mental health of the staff, the Group has set up a number of facilities such as basketball courts, table tennis rooms, and trade union activities rooms inside the factories to encourage employees to actively participate in the balance of work and life activities. Activities include a variety of cultural activities, staff outdoor activities. For example, as an annual regular event of the Group, the Group organizes the annual dinner and staff's picnic every year around the Lunar New Year and in Spring in China. It aims to provide a platform for the employees of the Group to show their artistic talents and to build up the morale. The Group also organized internal sports activities such as sports days.

As at 31 December 2025, the Group had 3,910 employees in which 65% are male and 35% are female. Approximately 40% of employees are aged under 30, 55% are aged between 30–49, and only 5% aged 50 or above. Staff costs during the year ended 31 December 2025, including directors' and chief executive's emoluments, amounted to approximately RMB418,136,000.

Health and safety

The Group provides a healthy and safe workplace for all employees, in line with established internal guidelines and systems.

We adopt international best practices in occupational health and safety. Our subsidiaries in China also comply with "Work Safety Standardisation" in China, a standard established by State Administration of Work Safety. In addition, various activities and training courses were organised to elevate our employees' awareness about occupational health and safety. The design, operations and maintenance of our industrial parks also comply with the relevant government regulations in respect of occupational safety and fire prevention.

The Group emphasizes "Prevention First" and combining with the promotion of safety standardization, effectively implements the safety production responsibility system, and integrates safety work into daily management and operation. By strengthening safety inspection and potential safety hazard investigation and management, the Group is guaranteed to operate safely and normally, and the personal safety of employees and the safety of the Group's property are guaranteed. The Group continuously monitors the implementation of safety objectives and improves the safety management mechanism, as well as improving management standard through periodic evaluation of the suitability, adequacy and effectiveness of the safety management system.

During the year, the Group is committed to the health and safety of all our employees and business partners and to maintaining a high level of hygiene in the community.

Development and training

The Group focuses on personal and professional development of its employees and provides opportunities for development and promotion for employees who are dedicated to their work while expanding business. We emphasise on the career development of our employees, which translates into extensive trainings for them. Comprehensive and structured programmes are organised for new employees to familiarise them with our industry. Based on the needs of each department, appropriate training courses are formulated to meet the market needs. These training courses include internal and external training courses, e-learning courses and other on-the-job training. In addition, the Group regularly assigns technical staff and lower level management to Japan for training, so that they are able to learn Japanese techniques, and management skills for production aspects. Ongoing training programmes are offered to existing employees from front line staff up to top management (including executive directors) for the purpose of refreshing and developing their knowledge and skills. Professional training includes various lectures and seminars to explore leadership, corporate governance and the latest legal development issues to update and expand their knowledge and skills. The Group believes that investing in employees is of paramount importance to the company's future development.

In addition, as one of our traditional events, we organised our annual performance accreditation in 2025 to give compliments to outstanding employees, so that these outstanding employees can become the role models and thereby creates a value for excellence among the employees of the Group.

Labour standards

We fully understand that the exploitation of child and forced labour is universally condemned, and therefore take the responsibilities against child and forced labour very seriously. We strictly comply with all laws and regulations against forced and child labour. Internal policies are also in place to ensure that no person who is underage or under coercion is hired and, if any such case is identified during the recruitment process, it is reported to the relevant authorities.

ENVIRONMENTAL PROTECTION

The Group is committed to supporting environmental sustainability. We strictly comply with national and regional environmental laws and regulations, including the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, and implement stringent environmental protection policies to ensure the fulfillment of our environmental responsibilities.

The Group is currently subject to limited direct climate impact. Nevertheless, we continue to pay close attention to climate-related issues, carry out risk identification, assessment, and control, and actively explore potential development opportunities in relevant areas, so as to avoid indirect potential impacts arising from climate factors. The Group remains firmly committed to ensuring that the products and services it provides comply with relevant environmental standards.

Governance

The Group has established a climate governance mechanism featuring coordinated operation between the Board and management. The Board is responsible for overseeing the governance framework, strategies, and targets relating to climate-related risks and opportunities, while management is responsible for implementation and regular reporting.

Through internal assessments, external training, and other measures, the Board and management strengthen their professional capabilities in climate risk management, and dynamically assess the skills and competencies required for oversight. Climate-related risks and opportunities are reported to the Board through regular reporting, risk assessments, and industry trend analysis, with material matters reported in a timely manner. The Group has incorporated climate-related targets into its sustainability management system, with management regularly monitoring progress to ensure effective implementation. Given that the Group is a manufacturing enterprise, it will continue to monitor changes in industry structure and optimize its strategic deployment for responding to the climate-related risks.

Strategies

(I) Climate-related risks and opportunities

- *Risk*

  In the course of operation, the Group is exposed to climate-related physical risks and transition risks. Physical risks are mainly reflected in deficiency on raw materials, logistics disruptions and damage to plants and warehousing equipment, resulting in slower inventory turnover, delayed fulfillment of contractual obligations, increased operating costs caused by extreme weather, which may affect inventory turnover and business continuity. These are long-term risks with a time horizon of more than five years. Transition risks mainly arise from the reshaping of the industry landscape driven by increasingly stringent global climate policies and the rapid development of digital technologies and artificial intelligence. Market and customer demand for sustainable, energy-efficient, and low-carbon applications continues to increase, driving the industry to accelerate its green transformation. These are long-term risks with a time horizon of more than five years. In response to these changes, we will adopt proactive measures to strengthen green operations and the green and low-carbon management of the supply chain, and steadily enhance the Company's resilience and sustainable development capabilities in addressing climate challenges.

- *Opportunities*

  The Group reduces resource consumption and improves operational efficiency through digitalization, paperless practices, and online collaboration. At the same time, it leverages cloud computing technology to optimize its business architecture, achieve intensive use of resources, and reduce infrastructure energy consumption; and continues to improve climate governance and information disclosure, so as to seize market opportunities arising from the combined momentum of the digital economy.

(II) Business model and value chain

The Group is proactively responding to the development of digital technology and global climate challenges. We focus on continuously exploring technology and improves its intelligent business system, coordinates various resources in an integrated manner, and supports the high-quality development through professional digital intelligence. In the future, we will build a digital intelligence ecosystem and a low-carbon ecosystem, and create new digital intelligence value and a new future of sustainable development.

(III) Strategy and decision-making

The Group actively applies advanced digital technologies such as artificial intelligence, adheres to a strategy of driving development through new technologies, expands in a diversified manner into areas related to quality productive forces, and promotes service innovation and ecosystem value creation. At the same time, the Group places importance on environmental protection and climate risk management, actively practices green and low-carbon principles in business development, steadily advances green operations and low-carbon practices.

(IV) Financial position, financial performance, and cash flow

The Group continues to promote paperless practices and digitalized operations, thereby reducing resource consumption and carbon emissions while further improving operational efficiency and optimizing its cost structure. Going forward, the Company will continue to strengthen environmental and climate risk management, so as to safeguard sound operations while achieving environmental sustainability.

(V) Climate resilience

The Group is currently subject to limited direct climate impact. Relying on a three-tier governance structure consisting of Board oversight, management execution, and interdepartmental coordination, we dynamically update our climate response strategies to ensure system resilience. This framework supports our simultaneous management of risks and capture of environmental opportunities, deeply integrating climate considerations into strategic planning so as to adapt agilely to regulatory and market changes.

Looking ahead, we will continue to fulfill our corporate responsibilities in climate governance and, by leveraging our existing professional capabilities, integrated strengths, and resource allocation, continuously deepen and improve our climate scenario analysis.

Risk Management

In accordance with our internal risk management procedures, we have integrated climate risk management into our business operations and established a closed-loop management mechanism covering the entire process of risk identification, risk assessment, risk response, and strategy execution, so as to ensure that climate-related risks are effectively identified, assessed, and addressed.

The Group regularly reviews and monitors climate-related physical risks and transition risks, and dynamically optimizes its risk management strategies and response measures in light of business development, regulatory requirements, and changes in industry trends, so as to ensure the effectiveness and adaptability of climate risk management.

The management team is responsible for the day-to-day monitoring of climate risks and major strategic adjustments, and has formulated specific control measures for physical risks and transition risks. The specific risk control measures are as follows:

Risk Type	Impact on the Group	Strategy
Physical Risk	Extreme weather events, such as typhoons and heavy rainstorms, may cause deficiency on raw materials, logistics disruptions and damage to plants and warehousing equipment, resulting in slower inventory turnover, delayed fulfillment of contractual obligations, increased operating costs, and adverse effects on business continuity.	Optimize the plants and warehouse layout and establish disaster recovery mechanisms; upgrade plants and warehouse protection facilities and adopt intelligent monitoring and early warning systems; optimize logistics routes and expand diversified logistics partners.
Transition Risk	The reshaping of the industry landscape driven by increasingly stringent global climate policies and the rapid development of digital technologies and artificial intelligence has led to continuously rising market and customer demand for sustainable, energy-saving, and low-carbon applications, thereby driving the industry to accelerate its green transformation.	Building on design of moulds, the Group leverages digital technologies such as artificial intelligence to drive business innovation and expand into areas related to new quality productive forces. At the same time, it practices green and low-carbon principles, actively explores green operating models, promotes the integration of business development with low-carbon development, and enhances its ability to respond to market transformation.

ENVIRONMENTAL MANAGEMENT

The Group is committed to minimising the impact of business activities on the environment and natural resources, and supporting environmental protection programmes. In particular, a number of initiatives designed to conserve resources were introduced to promote employee awareness of the need to achieve efficient utilisation of resources.

We fully understand the importance of environmental protection and environmental friendly production. We take up social responsibilities, and cooperate with our stakeholders including suppliers and customers to make contributions to the conservation of the environment. We implement stringent controls on all manufacturing procedures covering product design, purchases of raw materials, production and deliveries. Accordingly, our manufacturing procedures comply with international standards on environmental management in all aspects.

The Group is a pioneer in environmental management. Since 2002, the Group have been accredited with ISO 14001 environmental management system certificate, and therefore have been ISO 14001 compliant since then.

The environmental data are set out below:

Environmental KPIs	Unit	2023	2024	2025
Total Greenhouse gas emission	Tonne (CO_2)	94,100	97,600	**104,400**
Scope 1 — Direct emissions and removals	Tonne (CO_2)	11,600	12,000	**12,800**
Scope 2 — Energy indirect emissions	Tonne (CO_2)	82,500	85,600	**91,600**
Total Greenhouse gas emission By revenue	Tonne (CO_2)/ Revenue (in RMB million)	48	48	**48**
Total hazardous waste produced	Tonne	25	26	**27**
Total non-hazardous waste produced	Tonne	435	450	**480**
Total energy consumption	kWh	109,525,000	118,398,000	**126,850,000**
Total energy consumption By revenue	kWh/Revenue (in RMB million)	56,384	58,486	**58,674**
Water consumption	m^3	428,690	395,000	**422,000**
Water consumption intensity	m^3/Revenue (in RMB million)	221	195	**195**

Metrics and Targets

We will commence the preliminary identification of Scope 3 with the relevant departments, with a view to clarifying the categories of emissions that are material to the Group's business, as a basis for future external disclosure. We are committed to reducing the environmental impact of our operating activities by reducing greenhouse gas emissions.

The Group has made disclosures with reference to the climate-related disclosure requirements set out in Part D of Appendix C2 and has, where applicable, adopted the "reasonable information relief" under the "comply or explain" approach. For certain disclosure items that are still at the stage of developing methodologies and data systems, such as scenario analysis, the quantification of expected financial impacts, and the incorporation of climate factors into decision-making and incentive mechanisms, the Group has provided explanations and formulated enhancement plans, including gradually defining the boundaries of Scope 3 emissions, introducing scenario analysis methodologies, and establishing a framework for quantifying financial impacts, so as to continuously improve the completeness and comparability of disclosures.

Emission and waste management

During the year ended 31 December 2025, the Group's greenhouse gas emission included carbon dioxide (CO_2) of approximately 104,400 tonnes (including scope 1 direct greenhouse gas emission of 12,800 tonnes and scope 2 energy indirect gas emission of 91,600 tonnes), methane (CH_4) of approximately 1,000 tonnes and nitrogen oxide (N_2O) of approximately 120 tonnes. With the target of minimising greenhouse gas emission, all of our key production equipment are driven by electricity instead of being fueled by diesel. Greenhouse gas (CO_2) is mainly generated from transportation activities and certain ancillary equipment. As one of our emission reduction initiatives, we have a policy of phasing out those ancillary equipment fueled by fossil energy and replace them with new equipment driven by electricity or natural gas. With a view to reducing the frequency of product transportation, relevant employees are required to plan the product delivery logistics in a more efficient manner and, if necessary, temporary warehouses are rented in the proximity of our customers. As a result, our emission was maintained at a low level.

During the year ended 31 December 2025, the Group generated non-hazardous wastes such as metals, degradable plastics, wooden boxes and other non-chemical wastes of approximately 480 tonnes (2024: approximately 450 tonnes), or approximately 0.22 tonnes per RMB1 million of output. The Group aims to operate our industrial facilities with maximum resources efficiency by minimizing the materials used throughout the manufacturing processes and increasing the recycling rate and the use of reusable materials. We keep track on the materials that we use, aiming to reduce unnecessary waste of materials. Moulds, which are manufactured by ourselves for subsequently producing components, are carefully designed with a target of minimising material wastage in the component production processes. Throughout our production, we have also developed and installed devices to further reduce the consumption of excessive parts and materials. In order to increase our recycling rate and maximise our resources efficiency, we have set up recycling corners at all factories, where staff collect and compact recyclable materials, including cardboard and metals. Recyclable materials are recycled at material recycling corners. We also work closely with our suppliers by returning recyclable materials to suppliers for reuse.

During the year ended 31 December 2025, the Group generated hazardous wastes such as waste electrical and electronic items and waste chemicals of approximately 27 tonnes (2024: approximately 26 tonnes), or approximately 0.02 tonnes per RMB1 million of output. To meet our stakeholders' expectations and our environmental goals, it is critical to ensure that we have the high degree of safety in treating our hazardous wastes, as well as compliance with relevant laws and regulations.

With a view to minimising the use of materials that generate hazardous wastes, we maintain close dialogue with customers and suppliers with a view to always exploring the possibility of using alternate materials in the manufacturing processes. Procurements of materials that generate hazardous wastes are closely monitored and approved by higher level of management for the purpose of minimising unnecessary purchases and reducing the generation of hazardous wastes.

Use of resources

The target electricity consumption for 2025 is within 130 million kWh per annum. The Group consumed approximately 127 million kWh (2024: approximately 118 million kWh), or approximately 58,674 kWh (2024: approximately 58,486 kWh) per RMB1 million of output, of electricity during the year ended 31 December 2025. Since electricity is the major energy source in our manufacturing processes, energy use efficiency has become one of the most important selection criteria in the procurement of production equipment. Further, each of our factories has its own resources conservation team which consists of relevant staff such as production floor managers and equipment technicians. The resources conservation teams conduct regular patrols throughout our manufacturing and dormitories areas to identify any cases of energy waste. All demerit points recorded by the resources conservation team are reported to the appropriate level of management and affect the monthly performance appraisal of the responsible employees, and the responsible employees are also required to prepare corrective action plans for improvements.

The target water consumption for 2025 is within 450,000 litres per annum. The Group consumed approximately 422,000 litres (2024: approximately 395,000 tonnes), or approximately 195 tonnes (2024: approximately 195 tonnes) per RMB1 million of output, of water during the year ended 31 December 2025. Clean water is a valuable resource, which the Group is committed to conserving. The Group had not encountered any issue in sourcing water that is fit for purpose. We only use water supplied from municipal sources and do not have any on-site wells or boreholes. To control water pollution, the

Group continuously reinforces waste water treatment by strictly following ISO 14001 requirements and carrying out measurements of required items in order to meet the waste water standards in ISO 14001. In addition, we have been carrying out various water saving campaigns at dormitories and manufacturing areas with a view to increasing the awareness of conserving water resources among our employees.

During the year ended 31 December 2025, to reduce the use of one-off packaging materials, we have increased our internal reuse rate by taking the initiatives of eliminating the use of disposable cardboard boxes and disposable dividers and replacing them with the durable plastic ones. Additionally, we also reuse plastic bags and cardboard dividers that are collected at our recycling corners as internal packaging materials in order to better utilise our resources.

Responding to climate change

As regards climate change, we formulate policies and guidelines to facilitate new measures for being more climate resilient. Pursuant to the government policies in China, we also consider the potential adverse impacts due to climate change on the production plants, including incorporating climate-resilient design and development plans in response to increasingly frequent extreme weather conditions to mitigate potential damage to our industrial parks.

As a result of climate change, extreme weather conditions, such as typhoons, seasonal storms and heavy rains, are likely to become more frequent in the future. To manage and mitigate climate risks resulting from extreme weather conditions and to protect the Group against possible financial loss, the Group regularly reviews the impact of climate change on its operation and will formulate measures in response to different risks to minimise losses resulting from suspension of operation and to achieve sustainable development. The Board will continue to monitor all relevant risks and opportunities and update its strategy in response to climate change.

OPERATIONAL MANAGEMENT

Supply chain management

The Group has the greatest respect for the laws and regulations that govern the way we go about our business. The Group always adheres to international best practices and conducts fair and unbiased tender processes when dealing with suppliers.

We adhere to the principle of transparency and implement the values of honesty, integrity and fairness in our supply chain management. Our procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities. In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management. When selecting suppliers, the Group takes into account factors such as quality of services and products, environmental protection past performance, financial standing and market share assessment. The Group expects major suppliers to observe the same environmental, social, health and safety and governance policies in their operating practices as those adopted by the Group. Procurement teams are trained to take into account each and every aspect of such policies when assessing suppliers and tendering procedures are carefully and thoroughly communicated to vendors.

Product responsibility

A high priority for the Group is to ensure customer satisfaction in terms of our products and services. Strenuous efforts are made to ensure compliance with the laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which we operate. We require our people to comply with applicable governmental and regulatory laws, rules, codes and regulations. To ensure product quality and safety, the Group has an internal department which meet regularly with policies about product quality and safety and compliance with laws and regulations are clearly communicated to our employees. In addition, the Group runs training sessions for relevant staff members, third-party suppliers and business partners in respect of product responsibilities. Orientation training is conducted for new employees, while refreshment training is provided for all employees on a regular basis.

The Group adopts international best practices in the area of product quality management, and has been accredited with ISO 9001 certification since 2002, and TS 16949 certification. Various initiatives have also been introduced as part of our efforts to continuously improve the quality, reliability and safety of our products and services. During the year, the Group continued to implement total improvement activities which require the participation of all employees from front line staff to senior management to identify, analyse and implement areas of improvement in our production processes. We are committed to product quality and safety, and therefore we have received numerous accolades from many reputable customers for the quality and reliability of our products and services for years.

As regards the products' complaint, the Group establishes a specified team to handle. Through comprehensive problem analysis, we fully understand customer needs, identify and eliminate root causes, and give feedback for improvement.

In accordance with the Group's relevant confidentiality system, we strictly control information security risks in terms of intellectual property management and human resource security. Customer information is inputted into the system according to the hierarchical authorization permission for protection and prevention.

Anti-corruption

The Group has established a sound internal control structure and strict policy to set up an audit monitoring team, and implement thoroughly to prevent corruption and fraud. The audit team and the management never tolerate corruption and fraud. The values of honesty, impartiality, transparency and accountability are reflected in the Group's policies and operating procedures.

At the same time, the Group offers the anti-corruption seminars and expresses its firm stance on anti-corruption and fraud to its employees and also includes appropriate provisions in the contracts with third-party suppliers to clarify the Group's requirements. The Group's internal audit department will carry out independent audit work, to effectively improve the overall mechanism.

In addition, any event or suspicion will be immediately reviewed by the relevant department, and will be reported to the audit monitoring team and the management, if necessary, and investigated by the internal audit department. The Group also provides anonymous channels of inquiry, investigating suspicious or actual violations, and fully cooperating with any law enforcement agencies.

The Group remains fully alert against constant changes in corruption and fraud, and continues to seek and implement more effective preventive measures. The Group will understand the causes, processes and solutions of the irregularities by analyzing trends and events, and organize regular internal seminar for exchange of relevant knowledge, skills and experience.

In conclusion, the Group's firm stance on anti-corruption and fraud is an important part of the overall corporate governance and is prepared to use sufficient resources to protect the assets and interests of the shareholders. The Group and its employees strictly abide by the relevant legal and ethical standards. In 2025, there is no material violations against the relevant standard, rules and regulations. In addition, in 2025 there was no litigation in relation to the corruption involved in the Group or its employees.

COMMUNITY INVOLVEMENT

The Group emphasizes building a harmonious and cohesive relationship with the community where it is located, and understanding the community needs through active participation in the activities of the community and taking practical action to ensure that the Group's business activities have taken into account the interests of the community. We are proud of the work we do for the community. As part of the community, the Group is committed to fulfilling corporate social responsibility and seeking well-being for the region.

Sports

The healthy lifestyle is important to the Group's employees and the development of the community. Over the years, we have been active in corporate social responsibility and have been involved in various social welfare activities, participating in sports activities or encouraging communities to actively improve the quality of their personal health. In order to promote sports and healthy lifestyle, to promote the martial arts into the community and into the school. Since 2014, the Group sponsored a number of public sports activities including hosted an international martial arts event, a national martial arts competition, Xianghu International Martial Arts Culture Forum. The Group co-operates with Wushu Research Institute of the State Sports General Administration to build a national martial arts research institute (湘湖講武堂), to assist in building health consciousness in China, to serve citizens with national-wide strategy and to promote the comprehensive development of martial arts.

Serving the community

In addition to participating in various community services, the Group also encourages fellow to contribute to the community through its influence in the industry. As a corporate member of the China Mould Industry Association (中國模具工業協會), the Group is also a vice president of the Equipment Manufacturing Industry Association (裝備製造業協會), which sponsored and formed a mould association in 2015 for contribution to the development of the mould industry.

APPENDIX A

Compliance performance

Scope	Topic	Significant laws and regulations (Including but not limiting to):	Extent of Compliance
Environmental	Emissions	"Environmental Protection Law of the People's Republic of China" "Water Pollution Prevention and Control Law of the People's Republic of China"	The Group has no relevant significant violations of laws and regulations.
	Environment and natural resources	"Air Pollution Prevention and Control Law of the People's Republic of China" "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" "Energy Conservation Law of the People's Republic of China"	The Group has no relevant significant violations of laws and regulations.
Social	Employment and labour standards	"Labour Law of the People's Republic of China" "Labour Contract Law of the People's Republic of China" "Social Insurance Law of the People's Republic of China" "Law of the People's Republic of China for Prohibiting the Use of Child Labor"	The Group has no relevant significant violations of laws and regulations.
	Health and Safety	"Law of the People's Republic of China on the Prevention and Control of Occupational Diseases"	The Group has no relevant significant violations of laws and regulations.
	Product liabilities	"Product Quality Law of the People's Republic of China" "Consumer Protection Law of the People's Republic of China" "Company Law of the People's Republic of China" "Contract Law of the People's Republic of China" "Network Security Law of the People's Republic of China" "Advertising Law of the People's Republic of China"	The Group has no relevant significant violations of laws and regulations.
	Anti-corruption	"Criminal Law of the People's Republic of China" "Company Law of the People's Republic of China" "Anti-Unfair Competition Law of the People's Republic of China" "Anti-Money Laundering Law of the People's Republic of China"	The Group has no relevant significant violations of laws and regulations, as well as closed corruption lawsuits against the Group and its employees.

APPENDIX B

HKEX ESG Reporting Code

HKEX ESG Reporting Code Index			
Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
A. Environment			
Aspect A1: Emission	General Disclosures Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		P.2, P.8–10, Appendix A
	KPI A1.1	The types of emissions and respective emissions data.	P.2, P.8–10
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.2, P.8–10
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P.2, P.8–10
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	P.2, P.8–10
	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.	P.2, P.8–10
Aspect A2: Use of Resources	General Disclosures Policies on efficient use of resources including energy, water, and other raw materials.		P.2, P.8–10
	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).	P.2, P.8–10
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P.2, P.8–10
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P.2, P.8–10
	KPI A2.4	Description of any problems that may arise in determining the use of water sources, as well as the water efficiency established and the steps taken to achieve these goals.	P.2, P.8–10
	KPI A2.5	The total amount of packaging materials used in the finished products (in tonnes) and, where appropriate, the amount of each production unit.	P.2, P.8–10

HKEX ESG Reporting Code Index			
Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
Aspect A3: The Environment and Natural Resources	General Disclosures Policies on minimizing the issuer's significant impacts on the environment and natural resources.		P.2, P.8–10
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P.2, P.8–10
Aspect A4: Climate Change	General Disclosures Policies on identification of and response to major climate-related issues that have and may have an impact on the issuer, and the response actions.		P.2, P.8–10
	KPI A4.1	Description of major climate-related issues that have and may have an impact on the issuer, and the response actions.	P.2, P.8–10
B. Society Employment and Labor Practices			
Aspect B1: Employment	General Disclosures 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.		P.2, P.6–8, Appendix A
	KPI B1.1	Total workforce by gender, employment type (e.g. Full time or part time), age group and geographical region.	P.2, P.6–8
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	P.2, P.6–8
Aspect B2: Health and Safety	General Disclosures 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.		P.2, P.6–8, Appendix A
	KPI B2.1	The number and rate of work-related fatalities in each of the past three years (including the reporting year).	P.2, P.6–8
	KPI B2.2	Lost days due to work injury.	P.2, P.6–8
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	P.2, P.6–8

HKEX ESG Reporting Code Index			
Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
Aspect B3: Development and Training	General Disclosures Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		P.2, P.6–8
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, medium management).	P.2, P.6–8
	KPI B3.2	The average training hours completed per employee by gender and employee category.	P.2, P.6–8
Aspect B4: Labour Standards	General Disclosures 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.		P.2, P.6–8, Appendix A
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	P.2, P.6–8
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	P.2, P.6–8
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosures Policies on managing environmental and social risks of the supply chain.		P.2, P.10
	KPI B5.1	Number of suppliers by geographical region.	P.2, P.10
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P.2, P.10
	KPI B5.3	Description of the practice of identifying environmental and social risks in each link of the supply chain, as well as related implementation and monitoring methods.	P.10
	KPI B5.4	Description of the management that promotes the use of environmentally friendly products and services when selecting suppliers, as well as related implementation and monitoring methods.	P.10

HKEX ESG Reporting Code Index			
Subject Areas, Aspects, General Disclosures and KPIs			Disclosure Index
Aspect B6: Product Responsibility	General Disclosures 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.		P.2, P.11, Appendix A
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	P.2, P.11
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	P.2, P.11
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	P.2, P.11
	KPI B6.4	Description of quality assurance process and recall procedures.	P.2, P.11
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	P.2, P.11
Aspect B7: Anti-corruption	General Disclosures 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.		P.2, P.11 Appendix A
	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.	Appendix A
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	P.2, P.11
	KPI B7.3	Description of the anti-corruption training provided to directors and employees.	P.2, P.11
Community			
Aspect B8: Community Investment	General Disclosures Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests.		P.2, P.12
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P.2, P.12
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	P.2, P.12