

FOURACE
科利

FOURACE INDUSTRIES GROUP HOLDINGS LIMITED
科利實業控股集團有限公司

Incorporated in the Cayman Islands with limited liability
於開曼群島註冊成立之有限公司

Stock Code 股份代號：1455

2025/26

Environmental, Social &
Governance Report
環境、社會及管治報告



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THE REPORT

This is the report of Environmental, Social and Governance (“**ESG Report**” or “**this Report**”) issued by Fourace Industries Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”), which highlights the Group’s management measures, work progress and related performance in environmental, social and governance (“**ESG**”) aspects during the year, in response to stakeholders’ expectations for the Group’s ESG information disclosure and to enhance stakeholders’ understanding of and confidence in the Group.

1.1 Reporting Scope

This Report covers the environmental and social performance of the Group’s principal business in China and Hong Kong during the period from 1 April 2025 to 31 March 2026 (the “**Year**”). Unless otherwise specified, the scope of this Report is consistent with that of the Group’s consolidated financial statements of 2025/26 Annual Report and should be read in conjunction with the Group’s 2025/26 Annual Report. For details of corporate governance, please refer to the Corporate Governance Report in the Group’s 2025/26 Annual Report. The key performance indicators (“**KPIs**”) for the environmental aspect as disclosed in this Report mainly focus on the factory in Shenzhen, which is the sole existing production base of the Group.

1.2 Reporting Framework

This Report was prepared in accordance with the Environmental, Social and Governance Reporting Code set out in Appendix C2 of the Rules Governing the Listing of Securities (the “**Hong Kong Listing Rules**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and in compliance with the mandatory disclosure requirements and “comply or explain” provisions thereof. Unless otherwise specified, amounts in the Report are denominated in Renminbi (“**RMB**”).

1.3 Reporting Principles

The Group adheres to the four reporting principles of materiality, quantification, consistency and balance in the compilation of this Report, and has applied relevant reporting principles as set out in the Environmental, Social and Governance Reporting Code in the following manners:

Materiality: The content of this Report is determined based on stakeholders participation and materiality assessments process, including identifying ESG-related issues, collecting the opinions and recommendations from management and stakeholders, evaluating the relevance and importance of different issues and formulating and reviewing the contents reported. This Report covered the material issues concerned by major stakeholders.

Quantitative: This Report discloses the quantitative environmental and social KPIs, enabling stakeholders to understand the ESG performance of the Group. Information of the standards, methodologies, references and data source of these KPIs are stated wherever appropriate.

Consistency: In order to facilitate the comparison of the ESG performances between years, the Group adopted the same reporting formats and calculation methodologies as far as reasonably practicable. If there is any change in methodology and KPIs, the Group will also present and explain in the corresponding sections.

Balance: The relevant data and contents of the Group are disclosed in an objective and balanced manner with a view to presenting a balanced reflection of the Group’s ESG performance.

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1.4 Data Source and Reliability Statement

The data and cases in the Report are mainly derived from the Group's official documents, statistical reports and relevant public information. The Group undertakes that the Report contains no false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its content. The Report is prepared in Chinese and English respectively. In case of any discrepancies between Chinese and English versions, the Chinese version shall prevail.

1.5 Confirmation and Approval

The Group's board of directors (the "**Board**") and the senior management team have reviewed and approved the Report on 29 June 2026 to ensure that the content of this Report contains no false records, misleading statements or material omissions.

1.6 Information and Feedback

The Report is available and can be downloaded from the website of the Stock Exchange (www.hkexnews.hk). The Group values your opinions on this ESG Report. If you have further enquiries or any comments or suggestions on this Report, please feel free to contact the Group by email at ir.contact@fourace.com.

2. ESG GOVERNANCE

The Group believes that sound ESG governance serves as an important foundation for sustainable development and long-term value creation, enhancing the Group's corporate governance and management standards and creating long-term returns to stakeholders.

The Board has clearly delineated ESG management responsibilities and provides direct oversight of the Group's ESG related matters, including ESG strategic directions, material ESG issues, climate-related risks and opportunities, as well as related targets and work progress. The Board is responsible for establishing the overall ESG strategic direction and management approach, and with the assistance of management, drives the ESG initiatives, monitors ESG disclosure quality, ensuring ESG development strategies are gradually integrated into daily operations and management decision.

The Board formulates relevant strategy based on the significance of ESG issues to the Group and its stakeholders. To this end, the Group engaged an independent consultant to conduct a materiality assessment (for details, please refer to the section headed "Materiality Assessment" in this Report) to identify and assess ESG issues relevant to the Group's business. The Board fully endorses the assessment findings and will continuously optimise stakeholders' engagement channels to ensure effective communication with stakeholders.

To steer the ESG agenda, the Board regularly monitors the implementation of relevant ESG work, drives cross departmental collaboration to achieve compliance, environmental and social responsibility objectives, and discloses relevant progress through the ESG Report. The environmental targets set for this year are detailed in the section headed "Response to Climate Change" of this Report. The Board will continue to review the attainment of these targets and drive the continuous optimization of the Group's environmental performance.

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2.1 Stakeholder Engagement

The Group recognises the close relationship between different stakeholders and the development of the Group's business. Therefore, the Group continued to collect feedback from various parties through multiple channels to understand stakeholders' expectations and concerns regarding the Group's environmental and social management efforts. The Group's key stakeholders include the government and regulators, shareholders, business partners such as contractors and suppliers, customers, employees, as well as our industry, environmental regulatory authorities and community etc.

During the Year, the Group maintained close communication with stakeholders to collect and consolidate the views, opinions and expectations of various organisations and individuals. Through diverse communication channels, the Group listens to stakeholders' views and takes their recommendations into consideration in order to identify their key ESG concerns and potential business risks relevant to the Group's business, while continuously optimising ESG performance and future development strategy.

Stakeholder	Requirement and Expectation	Communication and Response
Government and Regulatory Bodies	- Compliance with national policies, laws and regulations - Support local economic growth - Drive local employment - Tax payment in full and on time - Ensure production safety	- Regular information reporting - Regular meetings with regulatory organisations - Dedicated reports - Examinations and inspections - Compliance with required safety standards
Shareholders	- Returns - Compliant operations - Rise in company value - Transparent information and effective communication	- General meetings - Company announcements - Emails, telephone communications and company websites - Interim and annual reports - Shareholders attending general meetings
Partners	- Operations with integrity - Fair competition - Lawful performance of contracts - Mutual benefits and win-win results	- Reviews and appraisal meetings - Quotation comparison - Exchange and discussion - Engagement and cooperation
Customers	- Outstanding products and services - Health and safety - Lawful performance of contracts - Operations with integrity	- Accepting inquiries and handling complaints from customers - Customer feedback surveys - Customers meetings - Publishing corporate information through the Company's website - Return visits

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Stakeholder	Requirement and Expectation	Communication and Response
Environmental regulatory authorities	- Compliance with emission standards - Energy saving and emission reduction - Ecosystem protection	- Communicating with local environmental departments - Communication with local residents - Survey, research and inspection - Report submission
Industry	- Establishment of industry standards - Promotion of industry development	- Participation in industry forum - Visits and inspections
Employees	- Protection of rights - Occupational health - Remunerations and benefits - Career development - Humanity cares	- Employee communication meetings - Company internal journal and intranet - Staff mailbox - Training and workshops - Employee activities
Society and the Public	- Improvement of community environment - Participation in public welfare - Public and transparent information	- Community donations - Media interviews - Volunteer activities - Company announcements - Company website - Social media platforms

2.2 Materiality Assessment

In order to clearly and effectively formulate the ESG management approach, the Group has engaged an independent consulting firm to help collect and analyse stakeholders' opinions about the Group's ESG issues. With the result of questionnaire survey, the Group works out ratings and rankings for each ESG issue of stakeholders' concern. Meanwhile, the consulting firm also reviewed internal and external documents of the Group with reference to the materiality maps provided by external authoritative organisations¹ so as to identify key industry-specific ESG issues pertinent to our business.

Based on the stakeholder ratings, issue screening results, and the professional opinions of the management and consultants, 7 material ESG-related issues were identified during the Year and will be discussed in the relevant sections of this Report.

Material Issues	Relevant Sections
Environmental Compliance	Environmental Protection
Employment Compliance	Employment
Exhaust Management	Emissions
Wastewater Management	Use of Resources
Occupational Health and Safety	Health and Safety
Operational Compliance	Operating Practices
Quality Management	Product Responsibility

¹ The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

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3. ENVIRONMENTAL PROTECTION

3.1 Emissions

The Group adheres to the ideas of environmental protection and clean production. The Group strives to enhance the efficiency of environmental protection in the production process and reduce pollutant emissions and resource consumption amidst corporate development. During the Year, we strictly abide by the laws and regulations related to pollutant discharge and environmental protection promulgated by the national and local governments, including but not limited to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Administration of Pollutant Discharge Licensing and the Measures for the Environmental Emergency Response Management. We implement comprehensive controls over each type of emission during the production process.

Meanwhile, to standardise the Group's environmental emergency management work and improve its ability to respond to and handle various types of environmental emergencies, the Group has formulated an emergency plan for types of environmental emergencies in accordance with relevant regulations, covering a comprehensive emergency plan, a specialised emergency plan and an emergency response card². Detailed handling specifications are provided in the emergency plan for types of environmental emergencies during the production process, including fire incidents, leakage of hazardous chemicals, leakage of hazardous waste, and excessive discharge of wastewater/exhaust emission. The Group regularly organises emergency training and drills and conducts inspections on potential environmental safety hazard every two months. The Group remains committed to safeguarding production and environmental safety. The Group will also continue to review its environmental protection-related policies and management measures, with a view to enhancing its environmental management performance.

Exhaust Emissions

The Group strives to minimise exhaust emissions during the production process. The exhaust gas generated during the production process will be collected through pipelines and treated with special equipment before being emitted if statutory standards are met. In addition, the Group regularly engages environmental protection institutes to monitor the emission of exhaust gases at the discharge outlets of the Group. To ensure the effective operation of exhaust gas treatment, the Group conducts regular inspection and maintenance of the equipment. In addition, the Group has formulated an emergency response card for excessive exhaust gas emissions, which provides corresponding measures for emergencies caused by malfunctions of exhaust gas treatment facilities, so as to promptly address the incidents and reduce the risk of pollution to the surrounding atmospheric environment.

² The emergency response cards are on-site measures formulated for specific devices and locations.

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Emission monitoring results of the Group during the production process have met the standards of relevant regulations during the Year. Data of emissions is set in the following table:

Emission Concentration	Emission Standard ¹	2025/26 ²	2024/25
Benzene (mg/m ³)	12	<0.01	0.00
Toluene (mg/m ³)	40	<0.01	0.01
Xylene (mg/m ³)	70	<0.01	0.00
Volatile organic compounds (mg/m ³)	120	<0.01	0.61

Notes:

- 1 The emission standards for benzene, toluene, and xylene refer to the local standard of Guangdong Province "Emission Limits of Air Pollutants" (DB44/27-2001); the emission standards for volatile organic compounds refer to the local standard of Guangdong Province "Emission Standards of Volatile Organic Compounds for Printing Industry" (DB44/815-2010).
- 2 Certain actual amounts of air emissions monitoring results recorded during the Year were extremely low and are therefore presented as <0.01 after rounding. The decrease in the corresponding emission concentrations was primarily attributable to a reduction in production activities associated with such emissions during the Year, resulting in lower operating loads and emission frequencies of the relevant processes, together with the continued effective operation of the Group's air control facilities.

In addition, air pollutants including nitrogen oxides, sulfur oxides and particulate matters are produced by the Group's use of vehicles. In order to effectively reduce exhaust emissions during vehicle use, we have purchased a number of hybrid electric vehicles and electric vehicles to reduce energy consumption and pollutants emission from the source. To maintain the good performance of our vehicles and support energy saving and emission reduction, we have established mechanism for conducting regular inspections and maintenance, including measures to inflate tires in a timely manner and maintain proper tire pressure, and also to ensure there are no idling engine. Meanwhile, we encourage our employees to prioritize the use of public transportation or share transportation for commuting, further reducing emissions associated with vehicle use.

The air pollutants emission data of the Group's vehicle usage during the Year is as follows:

Emissions ¹	2025/26	2024/25
Nitrogen oxides (kg)	8.72	21.62
Sulfur oxides (kg)	0.05	0.13
Particulate matters (kg)	0.67	1.49

Note:

- 1 It is calculated based on "Appendix C2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong.

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Waste Management

The solid waste generated by the Group during its operation and production process can be classified into two categories: non-hazardous wastes and hazardous wastes. The non-hazardous wastes mainly consist of waste paper, metal and plastics. The hazardous wastes mainly consist of waste paint residues, waste ink and waste oil paint, waste empty barrels and waste cloth/gloves generated from spraying, waste activated carbon generated after the use of emissions treatment equipment, waste engine oil generated during machine operation, and sludge, waste acid produced from wastewater treatment and light tubes etc.

The total amount and intensity of non-hazardous wastes and hazardous wastes from the Group during the Year are set out in the table below:

Wastes	2025/26	2024/25
Total non-hazardous wastes (tonnes) ¹	199.98	98.93
Intensity of non-hazardous wastes (kg/product)	0.17	0.08
Total hazardous wastes (tonnes)	64.86	48.07
Intensity of hazardous wastes (kg/product)	0.06	0.04

Note:

1. The total amount and intensity of non-hazardous waste increased as compared with the previous year, primarily due to the one-off disposal of a batch of obsolete and idle metal tools and moulds during the Year. These items were treated as non-hazardous waste, resulting in an increase in the total amount of non-hazardous waste generated.

During the Year, all hazardous and non-hazardous waste generated by the Group was disposed of in a compliant manner. In respect of the disposal of non-hazardous waste, the Group arranges qualified waste disposal companies to process non-hazardous waste on a regular basis. Waste disposal companies will resell or reuse the reusable waste, while those which cannot be reused will eventually be disposed in landfills.

Meanwhile, adhering to the concept of green office and the principle of waste reduction at source, the Group has adopted a series of measures to raise the environmental awareness of employees and reduce the amount of waste. We advocate the reuse of office stationeries such as envelopes, binders and file cards, and using changeable pen refills to reuse pens barrels. We also set up sorting and recycling devices bins to recycle waste paper, metal and plastics. During procurement, the Group gives priority to recyclable or reusable products and seeks to reduce the use of disposable and non-recyclable products and regularly evaluate the usage of materials to avoid waste caused by overstocking. In terms of paper consumption, we advocate using waste paper to record, double-sided printing, and recycling paper documents, such as poster, letters and envelopes, which to be sent to waste paper recycling companies. In addition, the Group make full use of electronic office systems and telecommunication technologies to transmit information, and regularly conduct paper use statistics to monitor paper consumption and continuously optimise management, so as to reduce paper consumption. For waste batteries, obsolete computers and other electronic waste, the Group arranges for dedicated collection or disposal through appropriate recycling channels. Meanwhile, the Group uses recyclable toner cartridges and ink cartridges where practicable, so as to promote resource recycling and utilisation.

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In respect of the management of hazardous waste, the Group has established sound emergency plan for hazardous waste and a standardised management system for hazardous waste. If there is a leakage of hazardous waste or a fire, the emergency plan will be activated by the Group to coordinate all emergency personnel for emergency handling and prevent the pollution from escalating. Meanwhile, the Group properly collects and temporarily stores hazardous waste in strict accordance with the Hazardous Waste Transfer Management Regulations. The Group has also set up a designated temporary storage warehouse for hazardous waste, equipped with anti-leakage, diversion channels, and anti-overflow weir facilities, and conducts follow-up and arranges for disposal to ensure safe storage and avoid causing soil or water pollution. The Group also entered into hazardous waste treatment agreements with qualified hazardous waste treatment units, and regularly deliver hazardous waste to them for detoxification and disposal to eliminate the risk of environmental pollution.

3.2 Use of Resources

Resources are the important foundation of enterprise production and operation. In the Group's production and daily operations, the main resources that the Group uses include (i) direct energy consumption from vehicle fuel consumption; (ii) indirect consumption arising from purchased electricity; (iii) water resources; and (iv) packaging materials. The Group strictly abides by the Energy Conservation Law of the People's Republic of China and other relevant laws and regulations in terms of resource usage, and has implemented a series of energy-saving, water conservation and materials management measures to ensure the efficient use of various resources and energy and improve resource use efficiency.

The Group promotes the knowledge of energy-saving, emission reduction and environmental protection to its employees through emails, posters, intranet and training, enhancing employees' sense of environmental responsibility. The Group held trainings on environmental management standards during the Year to encourage employees to incorporate environmental protection principles into manufacturing, sales and daily office operations. At the same time, the Group encourages its employees to participate in environmental protection activities and continuous improvement actions organised by environmental groups, and deeply integrating the concept of energy-saving and emission reduction into daily operations.

Energy Management

As energy consumption is closely linked to global warming, the Group has been striving to optimise energy management. Therefore, we have implemented electricity saving measures in the office to raise the awareness of all our employees on environmental protection. The Group issues notices on saving electricity and promotes the environmental protection approach of "shut down the machines and turn off the power when people leave" to eliminate waste. We encourage our staff to turn off all unnecessary lighting systems and electronic devices, such as printers, air conditioners, computers etc., to avoid idling of electrical appliances.

For office lighting and electricity usage, in addition to adopting highly efficient light fixtures (such as T5 fluorescent lamps and LEDs), the Group has also set up independently controlled switches in different lighting areas, installed motion sensors in infrequently used places, reduced the number of lights in areas with excessive brightness, and used daylight illumination as much as possible to reduce energy consumption. In addition, we clean the lights and air-conditioning filters regularly to ensure their efficient operation, set the air-conditioning temperature reasonably, and conduct regular inspections to reduce the risk of refrigerant leakage. The Group has also replaced split type air-conditioners which have obtained the Grade 1 Energy Efficiency Label and adopted a variable refrigerant flow system to optimise the refrigerant flow rate during the Year to further save energy and reduce emissions.

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The Group appoints department managers and supervisors to be the first responsible person of electricity conservation, and arranges inspectors to conduct irregular inspection on electricity consumption to strengthen the supervision. If there is any violation of rules, the relevant department will be required for rectification, and the department head, manager and responsible personnel may be subject to warning and punishment, such as deducting performance bonus.

The Group's annual energy consumption data is as follows:

Energy Consumption	2025/26	2024/25
Total energy consumption (MWh)	5,639	7,413
Direct energy consumption (MWh) ¹	30	84
Indirect energy consumption (MWh) ²	5,608	7,329
Energy consumption intensity (KWh/product)	4.86	5.78

Notes:

- 1 It is calculated on the "Guidelines on Greenhouse Gas Emission Accounting and Reporting — Land Transport Enterprise (Trial)" published by the National Development and Reform Commission of the PRC.
- 2 It is calculated based on the actual consumption of purchased electricity by the Group.

Consumption and Management of Water Resources

The wastewater discharged by the Group is mainly production wastewater and domestic sewage. The production wastewater is divided into integrated wastewater and spray painting wastewater. The Group strictly abides by the Water Pollution Prevention and Control Law of the People's Republic of China and other relevant laws and regulations and manages production and domestic wastewater in accordance with the requirements of discharge permits and applicable local discharge standards.

Considering the characteristics of comprehensive wastewater, the Group have established a wastewater treatment facility capable of handling 12 m³ per day. The treated water is discharged after meeting the requirements of the Discharge Limits of Water Pollutants (DB44/26-2001), which are local standards of the Guangdong Province. Domestic sewage is treated through a septic tank and eventually discharged into a wastewater treatment plant. In addition, the Group has constructed an underground wastewater collection pool with a capacity of approximately 20 m³ to collect spray painting wastewater, which is entirely reused in the spray painting process after being treated by our self-built water reuse treatment facilities.

Meanwhile, the Group strictly monitor wastewater discharge. A third-party testing institute is engaged to perform monthly check(s) and monitor the water quality at the discharge outlets so as to ensure the discharged water fulfils the local standards of the Guangdong Province, including the Discharge Limits of Water Pollutants and the Emission Standard of Water Pollutants for Electroplating. The Group also records the status of wastewater discharge and monitors the situation, and if any non-compliance situation is found, it will be promptly analysed and improved. In addition, the Group formulated an emergency response card for excessive wastewater discharge, set up emergency pools in the wastewater treatment station area, and implemented anti-leakage measures to effectively store accidental wastewater, reducing the risk of environmental pollution.

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The test results of sewage discharge of the Group have met the standards required by the relevant regulations during the Year. The discharge data is as follows:

Emission Intensity ¹	Emission Standard ²	2025/26	2024/25
Chemical oxygen demand (mg/liter)	50	18.17	25.50
Ammonia nitrogen (mg/liter)	8	0.16	0.12
Suspended matter (mg/liter)	30	8.83	7.92

Notes:

- 1 Emission Concentration is the unit of sewage test and there is no statistics data for the weight of pollutants.
- 2 Discharge Standard of Water Pollutants for Electroplating (DB44/1597-2015), the local standard of the Guangdong Province, is used as the emission standards of chemical oxygen demand, ammonia nitrogen and suspended matter.

Water is a precious resource. The Group understands the importance of water conservation, proactively carrying out water conservation measures and is committed to reducing unnecessary production and domestic water consumption. We have posted water saving reminders in every lavatory to raise employees' awareness of water conservation and remind them to turn off the faucet after use. We also conduct regular leakage tests and will notify the property management company at once to arrange repair and check if water leakage is found in the water supply facilities. During the Year, the Group had no issues in sourcing water.

The water consumption data of the Group during the Year is as follows:

Consumption of Water Resources	2025/26	2024/25
Total water consumption (m ³)	36,095	41,951
Water consumption intensity (m ³ /product)	0.03	0.03

Use of Packaging Materials

Packaging materials are important resources in the protection, storage and delivery of the Group's products. The Group attaches great importance to the efficient use of packaging materials and continues to promote resource conservation and waste reduction measures throughout the procurement, production and product delivery processes, with a view to reducing the environmental impact associated with the use of packaging materials.

The Group assesses the actual demand for packaging materials and related materials prior to procurement to avoid resource waste caused by overstocking. Meanwhile, the Group is committed to reducing the use of disposable and non-recyclable materials and, while ensuring product quality, transportation safety and compliance with customer requirements, seeks to minimise unnecessary product packaging. In selecting suppliers and procuring relevant products, the Group also gives priority, where practicable, to products with higher recycling value, reduced packaging requirements or greater environmental benefits, and encourages suppliers to adopt environmentally friendly packaging materials or packaging technologies, such as recyclable, reusable or biodegradable packaging materials, so as to enhance the efficiency of packaging material utilisation.

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The data on the use of packaging materials by the Group during the Year is as follows:

Use of Packaging Materials	2025/26	2024/25
Total weight of packaging materials (tonnes)	374	453
Packaging materials consumption intensity (kg/product)	0.32	0.35

3.3 Response to Climate Change Governance

The Group attaches great importance to the potential impacts of climate change on its business operations and long-term development and has incorporated climate-related risks and opportunities into its ESG management and sustainability management framework. As the highest governing and decision-making body for the Group's ESG and climate-related matters, the Board is responsible for overseeing the identification, assessment and management of climate-related risks and opportunities, and reviewing the relevance of climate-related issues to the Group's strategic development, risk management and business planning.

The Board regularly reviews the Group's progress in ESG and climate-related initiatives, including the results of climate-related risk and opportunity assessments, the performance of key environmental performance indicators, the implementation of climate-related policies and measures, and the progress towards relevant targets. The Board is also responsible for reviewing and approving climate-related disclosures to ensure that the information disclosed is true, accurate and complete.

To ensure the orderly management of climate-related matters, the Board includes climate-related issues as an agenda item for review at least once annually during its regular meetings. In addition, in overseeing the Group's strategy, major transaction decisions, risk management processes and related policies, the Board proactively considers identified climate-related risks and opportunities and takes into account relevant trade-offs associated with such risks and opportunities.

Under the supervision of the Board, the management is responsible for the day-to-day administration and implementation of climate-related initiatives, including collecting and analysing climate-related data, identifying and assessing climate-related risks and opportunities, formulating and implementing relevant management measures, and reporting regularly to the Board on the progress of such initiatives. Through internal communication, risk assessments and progress monitoring procedures, the management monitors the management of climate-related risks and opportunities and coordinates various business departments to integrate climate-related considerations into risk management and decision-making processes, thereby enhancing the Group's capability and resilience in responding to climate change.

During the reporting period, the Group engaged an independent third-party consultant to assist in conducting a climate-related risk and opportunity assessment. With reference to publicly available climate scenarios, industry development trends and regulatory requirements, the assessment identified climate-related risks and opportunities that may affect the Group's business. The assessment results were reviewed by the management and submitted to the Board for discussion, serving as an important basis for formulating climate-related strategies and management measures.

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In addition, the Group places importance on strengthening the climate-related competencies of Directors and management. Through participation in external training programmes, professional seminars and continuous monitoring of the latest guidelines and requirements issued by regulatory authorities, the Group continues to enhance their understanding of climate-related risks, opportunities and disclosure requirements, thereby strengthening their ability to oversee and manage climate-related matters.

As at the end of the reporting period, the Group had not established a formal internal carbon pricing mechanism, nor had it incorporated climate-related performance indicators directly into remuneration incentive arrangements. Taking into account the Group's current business scale and stage of climate management development, the Group will continue to monitor climate-related regulatory trends, market developments and industry best practices and will review the feasibility of relevant arrangements in a timely manner based on its business characteristics, data maturity and management needs, with a view to continuously enhancing its climate change management capability and operational resilience.

Strategy

The Group is committed to enhancing the resilience of its business in response to climate change and continuously improving its mechanisms for identifying, assessing and responding to climate-related risks and opportunities. As an enterprise principally engaged in product manufacturing and sales, the Group closely monitors the potential impacts of climate change on its production and operations, energy and water resource consumption, supply of raw materials and packaging materials, logistics arrangements, customer demand and long-term development strategies, and gradually integrates relevant considerations into its business planning and daily management.

To enhance its capability in identifying climate-related risks and opportunities, the Group conducted its first climate-related risk and opportunity assessment during the reporting period and analysed the potential physical risks, transition risks and development opportunities arising from climate change in light of its business characteristics.

- **Physical Risks:** These primarily refer to the impacts arising from extreme weather events and long-term climate change. Climate events such as extreme rainfall, typhoons, flooding, heatwaves and cold waves may affect the normal operations of the Group's production base in Shenzhen, employee commuting and safety, production equipment operation, the supply of raw materials and packaging materials, logistics delivery and customer order fulfilment. Such events may also increase facility maintenance, insurance and emergency management costs. Long-term climate change may further affect the stability of energy and water resource supplies, thereby impacting the Group's production arrangements and operational efficiency.
- **Transition Risks:** As China continues to advance its "dual carbon" targets and climate-related policies and market expectations continue to evolve, enterprises may face increasingly stringent requirements regarding environmental compliance, energy management and greenhouse gas ("GHG") emissions disclosure. For the Group, if customers, regulators or the market impose higher requirements on carbon emissions, energy efficiency, environmentally friendly materials and packaging reduction in product manufacturing processes, the Group may need to invest additional resources in energy-efficient equipment, environmental protection facilities, data collection, supply chain management and low-carbon operational measures in order to maintain regulatory compliance, customer confidence and market competitiveness.

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- **Climate-related Opportunities:** As the transition towards a green and low-carbon economy accelerates, areas such as energy conservation and emissions reduction, cleaner production, resource recycling and environmentally friendly packaging will create opportunities for operational optimisation and market development. The Group may reduce operating costs and enhance environmental performance by improving energy and water efficiency, optimising production equipment and processes, reducing waste and packaging material consumption, strengthening wastewater and air emissions management, and promoting environmental management throughout the supply chain. At the same time, increasing customer attention to low-carbon and environmentally friendly products will enable the Group to better respond to market demand and strengthen long-term business relationships.

To analyse climate-related risks and opportunities that may arise during its business development more comprehensively, the Group, under the supervision of the Board and coordination of the management, considered factors including global temperature pathways, policy developments, regulatory requirements and market trends. The analysis was conducted with reference to the scenario assumptions and relevant parameters set out in the Sixth Assessment Report (AR6) published by the Intergovernmental Panel on Climate Change (IPCC) and publicly available information from the Network for Greening the Financial System (NGFS), taking into account the Group's industry characteristics, production and operational model, supply chain arrangements and long-term development plans. The assessment time horizons for climate-related risks and opportunities were categorised as follows to align with the Group's operational management and strategic review cycle:

- Short-term: Up to 2030
- Medium-term: 2031 to 2040
- Long-term: 2041 to 2050

In conducting the scenario analysis, the Group assumed that emission reduction-related policies and reporting boundaries would remain unchanged throughout the assessment periods under consideration. The climate scenario models adopted for this assessment are set out below, covering both low-emissions and high-emissions scenarios, in order to gain a more comprehensive understanding of the potential impacts of climate change on the Group's operations and long-term development.

Scope

The scope of this climate scenario analysis is consistent with the reporting boundary of this Report and covers the Group's principal operations in the PRC and Hong Kong. The analysis focuses on the Group's production base in Shenzhen and operational activities associated with product manufacturing and sales, including the procurement of raw materials and packaging materials, production operations, energy and water resources consumption, air emissions and wastewater treatment, and related office operations.

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Scenario Models Adopted

Physical Risk Assessment — IPCC Scenario Framework

- Shared Socioeconomic Pathway (SSP) 1-2.6 Scenario: Global warming remains relatively controlled (below approximately 2.0°C), with policy implementation, economic development and clean energy transition progressing broadly in line with historical trends.
- Shared Socioeconomic Pathway (SSP) 5-8.5 Scenario: Global temperatures increase significantly (exceeding 4.0°C), climate action is delayed, mitigation and adaptation efforts are insufficient, and the frequency and severity of extreme weather events increase.

Transition Risk and Opportunity Assessment — NGFS Scenario Framework

- 2050 Net Zero Scenario: Countries implement more stringent climate policies at an early stage and seek to limit global warming to within 1.5°C through measures such as reducing energy demand, improving energy efficiency and developing low-carbon technologies, while achieving global net-zero carbon dioxide emissions by 2050.
- Current Policies Scenario: Only currently implemented climate policies are maintained, resulting in continued growth in GHG emissions and global warming exceeding 3°C. Under this scenario, short-term transition pressures are relatively limited, while medium- and long-term physical risks may increase significantly.

The Group recognises that integrating both quantitative and qualitative analyses would facilitate a more comprehensive assessment of climate-related risks and opportunities. However, as relevant operational data are currently dispersed across different business units and there is no recognised and industry-wide standardised methodology for calculating various cross-sector climate metrics, the Group is presently unable to compile such climate indicators in a reliable and cost-effective manner. In addition, climate-related actions undertaken by the Group form part of its routine business operations (such as monitoring emerging climate regulations), and no separately identifiable component exists solely for addressing climate-related risks and opportunities. Accordingly, the Group is currently unable to provide quantified information regarding the current and anticipated financial impacts of climate-related risks and opportunities.

Although the Group has not yet completed comprehensive quantitative disclosures relating to climate-related impacts, it has identified the key financial implications associated with major climate-related risks and opportunities and has provided detailed qualitative descriptions below. The Group is also continuously enhancing its internal data integration mechanisms and scenario analysis capabilities to progressively improve the completeness and granularity of climate-related quantitative disclosures. Should there be any significant changes to its operational strategy in the future, the Group will disclose, where appropriate, the quantified impacts on its financial position, operating results and cash flows.

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Based on the selected high-carbon/low-carbon scenarios and the assessment period from 2030 to 2050, the Group identified four principal climate-related risks and opportunities. Detailed qualitative assessment results and descriptions are set out below. The significance level of each risk is defined using the following colour coding:

Colour	Description
	Light: Can be managed through existing standard procedures
	Medium: Requires ongoing monitoring
	Dark: Requires the development of management strategies and tracking of implementation progress

1. Acute Physical Risk

Risk Category Extreme weather events, including typhoons, heavy rainfall, flooding, heatwaves and cold waves

Key Areas Affected The Group's production base in Shenzhen, office operations in the PRC and Hong Kong, suppliers, logistics and transportation arrangements, and customer delivery

Significance of Impact on the Group

Short-term	
Medium-term	
Long-term	

Impact on the business **Business Model:** Extreme weather events may result in temporary suspension of production activities, disruption to employee commuting and workplace safety, damage to production equipment and facilities, and interruptions to the supply of raw materials and packaging materials, logistics transportation and customer order fulfilment, thereby affecting the Group's operational efficiency.

Value Chain: Upstream suppliers may experience delivery delays or raw material supply instability; operationally, production scheduling, equipment operation and warehouse management may be affected; downstream, product delivery delays may impact customer service quality and order fulfilment.

Impacts on financial performance **Increased Costs:** Extreme weather events may increase costs associated with facility repairs, equipment maintenance, emergency management, insurance, warehousing and logistics.

Revenue Impact: Disruptions to production or logistics arrangements may result in delayed order delivery, affecting customer satisfaction and short-term revenue recognition.

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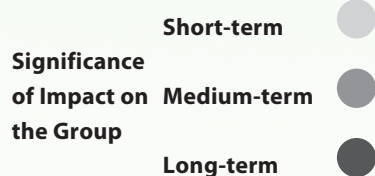
2. Chronic Physical Risk

Risk Category

Rising average temperatures, prolonged heat conditions, changes in precipitation patterns and other long-term climate changes

Key Areas Affected

The Group's production base in Shenzhen, office operations in the PRC and Hong Kong, energy and water consumption, production equipment, supply chain and logistics arrangements



Impact on the business

Business Model: Rising temperatures and prolonged heat conditions may increase demand for air-conditioning and cooling in production and office facilities, leading to higher energy consumption. Changes in precipitation patterns and water resource pressures may affect the stability of water supply for production and impose more stringent wastewater management requirements. Long-term climate change may also increase equipment maintenance needs, affecting production planning and operational efficiency.

Value Chain: Upstream suppliers may face pressures relating to energy, water resources and logistics arising from climate change, which may lead to fluctuations in the cost and delivery schedules of raw materials and packaging materials.

Impacts on financial performance

Increased Costs: Long-term climate change may result in increased costs on electricity, water resources, equipment maintenance, energy-efficiency upgrades and environmental management.

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3. Policy and Regulatory Risk

Risk Category	Climate-related policies, energy efficiency requirements and enhanced ESG disclosure requirements
Key Areas Affected	The Group's production base in Shenzhen, office operations in the PRC and Hong Kong, energy consumption, GHG emissions data management, environmental performance monitoring, supply chain management and customer order fulfilment
Significance of Impact on the Group	Short-term Medium-term Long-term 
Impact on the business	Business Model: As China continues to advance its “Dual Carbon” target and climate-related policies, energy efficiency requirements and ESG disclosure requirements become increasingly stringent, the Group may need to further strengthen energy management, GHG emission accounting, environmental data collection and related internal controls. Should regulators, customers or other stakeholders impose higher requirements regarding energy efficiency, carbon emissions performance, environmental compliance and supply chain transparency in product manufacturing processes, the Group may need to adjust relevant management processes and allocate additional resources to maintain compliance and customer confidence. Value Chain: Upstream suppliers may face higher costs as environmental compliance and energy efficiency requirements increase, potentially affecting the cost and supply stability of raw material and packaging material procurement. Operationally, the Group may need to strengthen the application of energy-efficient equipment, environmental data management, employee training and ESG disclosure practices. Downstream, failure to respond promptly to customer expectations regarding low-carbon manufacturing and ESG transparency may affect customer relationships and order competitiveness.
Impacts on financial performance	Increased Costs: Enhanced climate-related policies, energy efficiency requirements and ESG disclosure obligations may increase costs associated with compliance management, data collection, third-party verification or consultancy services, energy-saving equipment upgrades, employee training and supplier assessments. Revenue Impact: Failure to meet customer and market expectations regarding energy efficiency, low-carbon manufacturing and ESG disclosure transparency may adversely affect customer satisfaction, order acquisition and long-term business relationships.

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4. Climate-related Opportunities

Opportunity Category Improving energy and resource efficiency, optimising packaging material utilisation, strengthening environmental management throughout the supply chain and responding to customer demand for low-carbon products

Key Areas Affected The Group's production base in Shenzhen, energy and water management, packaging material utilisation, waste management, supplier management, product delivery and customer relationships

Significance of Impact on the Group

Short-term 

Medium-term 

Long-term 

Impact on the business **Business Model:** As market attention to low-carbon manufacturing and environmentally friendly products continues to increase, the Group may further improve operational efficiency and environmental performance by optimising energy management, enhancing equipment efficiency, reducing unnecessary packaging material consumption, promoting waste segregation and recycling, and ensuring compliant waste disposal. These initiatives help maintain product quality and delivery capabilities while reduce resource consumption and environmental impacts.

Value Chain: Upstream, the Group may progressively strengthen management of suppliers' environmental performance and packaging material usage, thereby promoting more resource-efficient procurement arrangements. Operationally, energy conservation, water-saving, waste reduction and packaging reduction measures help reduce resource consumption. Downstream, strong environmental management performance helps respond to customer expectations regarding low-carbon and sustainable supply chains, thereby enhancing customer trust and long-term cooperation opportunities.

Impacts on financial performance **Cost Savings:** Improved efficiency in energy, water and packaging material usage can reduce electricity, water, material and waste treatment costs.

Revenue Opportunities: As customers and markets increasingly emphasis on low-carbon manufacturing, environmentally friendly packaging and sustainable supply chain performance, the Group's enhanced environmental management capabilities may strengthen customer relationships and support the Group in capturing business opportunities associated with low-carbon and environmental requirements.

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Mitigation measures for identified risks and opportunities:

Risk/Opportunity Category	Mitigation/Response Measures
Acute Physical Risk	- Establish and enhance emergency management mechanisms for extreme weather events and contingencies, with corresponding response arrangements for typhoons, heavy rainfall, flooding, heatwaves and cold waves. - Regularly review the safety conditions of the Shenzhen production base, office premises, production equipment, warehousing facilities and related infrastructure to enhance flood prevention, wind protection, fire prevention and emergency response capabilities. - Strengthen communication with suppliers and logistics service providers and, where necessary, adjust raw material and packaging material supply as well as product delivery arrangements to minimise the risks of production interruptions and delivery delays.
Chronic Physical Risk	- Continuously monitor the potential impacts of temperature, precipitation patterns, water resource availability and other long-term climate trends on the Group's production and operations. - Regularly review the stability of raw material, packaging material and logistics arrangements to enhance the adaptability of the supply chain and production planning to long-term climate change.
Policy and Regulatory Risk	- Continuously monitor laws and regulations and regulatory requirements and market trends relating to climate change, environmental protection, energy management, carbon emissions and ESG disclosure in Mainland China and Hong Kong. - Continue to promote the application of energy-efficient equipment, optimisation of energy management, compliant treatment of air emissions and wastewater, waste segregation and recycling, and packaging reduction initiatives to enhance environmental management performance.
Climate-related Opportunities	- Reduce resource consumption and associated costs by improving energy and water efficiency, optimising production equipment and processes, and reducing unnecessary packaging material usage. - Promote cleaner production, waste reduction at source, resource recycling and the standardised management of hazardous waste to enhance the Group's environmental management capability and operational efficiency. - Where practicable, adopt reusable, recyclable or environmentally preferable materials and packaging solutions to respond to customer concerns regarding environmentally friendly packaging and sustainable supply chains.

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At present, the Group has not established a standalone climate transition plan. Nevertheless, based on its business characteristics and development needs, the Group has progressively integrated the management of climate-related risks and opportunities into its corporate governance and daily operational management. Subject to operational requirements, the Group will progressively allocate human, technological and financial resources through its existing management team, relevant functional departments and, where necessary, external professional support to facilitate climate-related initiatives, including environmental data management, energy conservation and emissions reduction, equipment maintenance, employee training, supply chain engagement and ESG disclosure. Relevant resource requirements will be assessed as part of the Group's annual budgeting and operational planning. At the current stage, the Group regards operational optimisation, resource efficiency enhancement, cleaner production and environmental management measures as its primary pathways for carbon reduction. The Group also continues to conduct climate risk identification, materiality assessments and scenario analyses to strengthen its understanding of the potential impacts of climate change. In addition, the Group implements energy-saving, emissions reduction and risk management measures across operational areas, including energy consumption, water resource management, air emissions and wastewater treatment, waste management, packaging material utilisation, supply chain arrangements and product delivery at its Shenzhen production base, with a view to enhancing operational stability and climate resilience.

During the reporting period, the Group did not incur any material dedicated capital expenditure, financing arrangements or investment deployment specifically for addressing climate-related risks and opportunities. Nevertheless, the Group has implemented relevant management measures across various aspects of its daily operations, including production activities, office management, energy and water consumption, waste treatment, packaging material management and supply chain communication. Climate-related considerations have also been progressively incorporated into internal management and operational decision-making processes to reduce the potential impact of climate-related risks on the Group's business.

Despite the implementation of the above measures, the development of climate-related risks and opportunities remains subject to a range of external factors, including changes in global and regional climate policies and regulatory requirements, increasing requirements regarding energy efficiency and ESG disclosure, the pace of transition towards a low-carbon economy, customer and market expectations for low-carbon manufacturing and environmentally friendly packaging, supply chain stability, and the frequency and severity of extreme weather events. Furthermore, changes in the market environment of the industries in which the Group operates, the supply of raw materials and packaging materials, energy and water costs, logistics arrangements and customer demand may also influence future climate-related risks and opportunities and affect the effective implementation of related plans and initiatives.

In response to these uncertainties, the Group has progressively incorporated climate-related issues into its business planning and risk management processes and continues to assess the potential impacts of climate-related risks and opportunities on its operations, cost structure, supply chain arrangements, customer relationships and development strategies over the short, medium and long term. The management will review existing management measures and business arrangements as appropriate to enhance the Group's adaptability and operational resilience in response to climate change.

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Looking ahead, the Group will continue to monitor developments in climate-related policies, regulatory requirements, market trends and stakeholder expectations. The Group will regularly review the results of climate-related risk and opportunity assessments, together with the implementation status and effectiveness of existing management measures. The Board and management will continue to refine the Group's climate-related governance and management framework in line with its business development strategy, operational requirements and data maturity, thereby enhancing the Group's ability to address climate-related challenges and supporting its long-term sustainable development.

Risk Management

The Group has progressively integrated the identification, assessment, prioritisation and management of climate-related risks and opportunities into its overall risk management and ESG management framework. Through regular reviews of the potential impacts of such risks and opportunities on business operations, the Group seeks to enhance its ability to respond to climate change and strengthen its business resilience.

As this Reporting Period represents the Group's first systematic exercise in identifying and assessing climate-related risks and opportunities, the Group's key focus during the reporting period was to establish a climate risk management framework, conduct risk and opportunity identification and materiality assessments, and define the relevant management and reporting processes. At the current stage, the Group has incorporated climate-related issues into its existing risk management and decision-making mechanisms and has not made any material changes to its overall risk management framework in view of climate-related factors.

During the risk assessment process, the Group conducted its analysis with reference to publicly available climate scenario information, policy and regulatory developments, industry trends, historical impacts of extreme weather events, energy and water consumption data, emissions and environmental performance data, supply chain and logistics arrangements, and the Group's operational records. The Group's climate-related risk and opportunity management process is set out below:

- 1. Identification** The Group identifies relevant climate-related risks and opportunities by monitoring climate change trends, developments in policies and regulations, industry developments, technological advancements and changes in market demand. The identification process also takes into account industry benchmarking, stakeholder concerns and the Group's business characteristics. The scope of identification covers the Group's principal operating activities to ensure that the climate-related risk and opportunity inventory encompasses key business processes.
- 2. Assessment** The Group assesses identified climate-related risks and opportunities by analysing their potential impacts on its business model, value chain and financial performance, as well as evaluating the likelihood of occurrence and potential severity of impact. Where practicable, the assessment process adopts data and parameters consistent with those used during the identification stage and considers short-term, medium-term and long-term time horizons to enhance the consistency and comparability of the assessment results. Given that the Group's data foundation and quantitative methodologies are still under development, the current assessment is primarily qualitative in nature.

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3. Prioritisation

Based on the assessment results, the Group prioritises identified items by considering factors such as likelihood, impact severity, timing of impact and relevance to the Group's strategic objectives. This process results in a list of key climate-related risks and opportunities. The prioritisation methodology is aligned with the Group's overall risk management approach and supports subsequent resource allocation and the formulation of response measures.

4. Monitoring

The management of the Group is responsible for coordinating the day-to-day monitoring of climate-related risks and opportunities, coordinating the implementation of identification, assessment and response measures across relevant departments, and continuously monitoring the potential impacts of changes in regulatory requirements and market conditions on the Group. The management reports regularly to the Board on the progress of climate-related risk and opportunity management, key issues identified and the implementation status of response measures. The Board is responsible for overseeing the overall direction of climate-related risk and opportunity management and making decisions on significant matters, ensuring that relevant initiatives remain aligned with the Group's overall strategy and risk management requirements.

Metrics and Targets

The Group regards enhancing climate resilience and promoting sustainable operational practices as an important management priorities. It continues to advance initiatives relating to energy conservation and emissions reduction, resource efficiency enhancement and operational optimisation, while progressively strengthening its climate-related management framework in response to regulatory requirements and stakeholder expectations. In formulating its climate-related initiatives, the Group primarily takes into consideration the national "Dual Carbon" strategy, applicable environmental and energy conservation requirements in its operating locations, and the climate-related disclosure requirements of the Stock Exchange of Hong Kong.

To align with the above objectives, the Group continues to promote carbon reduction through optimising operational processes, advocating green office practices and improving resource utilisation efficiency. Incorporating its business nature, operational characteristics and management foundation, the Group has established climate-related management objectives and phased implementation directions to guide its carbon reduction and climate management efforts. In the process of achieving the above targets, the Group does not currently utilise carbon credits for carbon offsetting and will prioritise emissions reduction through operational improvements, resource efficiency enhancement and management optimisation initiatives.

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The Group adheres to the principles of transparency and continuous improvement and continuously monitors the implementation of its environmental management measures. It is also progressively enhancing its environmental targets from directional management objectives to quantitative targets. During the Year, the Group established quantitative targets in relation to emissions, waste management, energy consumption and water consumption based on its operational conditions and environmental key performance indicators, with a view to monitor environmental performance and progress towards target achievement more effectively. The Group will continue to implement measures relating to energy conservation and emissions reduction, waste segregation and compliant disposal, water conservation, vehicle maintenance, promotion of green transportation, employee environmental training and promotion campaign, with a view to minimising the environmental impacts arising from its production and daily operational activities.

Aspect	Target
GHG Emissions	By 2030/31, to reduce average Scope 1 and Scope 2 GHG emissions per product by 5% compared with 2025/26, supported by measures including improving energy efficiency and conducting regular maintenance of air emission treatment equipment.
Waste Management	By 2030/31, to reduce average non-hazardous waste generation per product by 5% compared with 2025/26.
Energy Consumption	By 2030/31, to reduce average energy consumption per product by 5% compared with 2025/26.
Water Consumption	By 2030/31, to reduce average water consumption per product by 5% compared with 2025/26, while maintaining compliant treatment and discharge of production and domestic wastewater.

These targets have been formulated based on the Group's current stage of business development, operational model, resource utilisation profile and data availability. They are intended to support the Group's environmental management initiatives and emissions reduction efforts through continuous improvements in operational efficiency and resource management. Unless otherwise stated, the above targets adopt the year 2025/26 as the baseline year and the year 2030/31 as the target year and apply to the principal operating locations and business segments included within the reporting boundary of this Report. The Group will monitor progress against these climate-related targets on an annual basis and disclose the actual performance, achievement status and changes compared to the baseline year in future reports. As the Year represents the baseline year for these targets, no comparable year-on-year trend is currently available.

In addition, during the reporting period, the Group conducted GHG identification, assessment and inventory activities to effectively manage its GHG emissions. The relevant exercise covered the principal operating activities within the reporting boundary of this Report. The calculation of Scope 1 and Scope 2 emissions was completed in accordance with the requirements of the GHG Protocol: A Corporate Accounting and Reporting Standard (2004). The Group also made reference to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) in compiling data relating to Scope 3 emission sources. The GHG accounted for by the Group include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). For ease of presentation, all emissions are expressed in tonnes of carbon dioxide equivalent ("**tonnes CO₂e**").

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The Group's GHG emissions during its operations mainly arose from: (i) Scope 1: Direct GHG emissions from vehicle fuel consumption and refrigerant consumption in air-conditioning systems; (ii) Scope 2: Indirect energy GHG emissions resulting from purchased electricity; and (iii) Scope 3: Other indirect GHG emissions arising from the Group's value chain and operational activities. Taking into account the Group's principal operational activities, estimated emission magnitude, data availability and industry benchmarking results, the Group included Category 5 "Waste Generated in Operations" and Category 6 "Business Travel" within the scope of its Scope 3 emissions inventory for the Year. The Group will continue to review the boundaries of its Scope 3 emissions inventory and the availability of relevant data and will progressively enhance related disclosures where reasonably practicable.

During the Year, the GHG emissions data of the Group is set out in the table below:

GHG ¹	2025/26	2024/25
Total GHG emissions (tonnes CO ₂ e)	3,028	4,150
Scope 1 — Direct GHG emissions (tonnes CO ₂ e) ²	28	42
Scope 2 — Energy indirect GHG emissions (tonnes CO ₂ e) ³	2,976	4,081
Scope 3 — Other indirect GHG emissions (tonnes CO ₂ e) ⁴	24	28
GHG emission intensity (kg CO ₂ e/product)	2.61	3.24

Notes:

1. The Group adopts the operational control approach for GHG accounting. Under this approach, the reporting boundary is determined based on the Group's authority to implement operating policies over business activities. This approach more accurately reflects the Group's actual responsibility for carbon emissions management and facilitates the monitoring and management of GHG emissions, thereby ensuring that the accounting results are aligned with the Group's sustainability objectives.
2. Scope 1 — Direct GHG emissions refer to GHG emissions generated directly from operations owned or controlled by the Group. The Group's direct GHG emissions primarily arise from vehicle fuel combustion and air-conditioning refrigeration. GHG emission factors for different vehicle types were determined with reference to the Guidelines for GHG Emissions Accounting and Reporting issued by the National Development and Reform Commission of the PRC. Refrigerant emission data from air-conditioning equipment were calculated with reference to the Sixth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC).
3. Scope 2 — Energy indirect GHG emissions refer to indirect GHG emissions arising from purchased or acquired energy. The Group's energy indirect GHG emissions mainly result from purchased electricity. Electricity emission data were calculated with reference to the Announcement on the Release of Carbon Dioxide Emission Factors for Electricity in 2023 published in 2025 by the Ministry of Ecology and Environment of the PRC and the National Bureau of Statistics of China.
4. Scope 3 — Other indirect GHG emissions include other indirect GHG emissions occurring outside the Group's operational boundary, including: (i) methane generated from the disposal of waste paper; (ii) electricity used for water treatment; and (iii) GHG emissions arising from employees' business air travel. Methane emissions from the disposal of waste paper were calculated with reference to Appendix 2 published by the Stock Exchange of Hong Kong. Emissions associated with water treatment were calculated based on standards issued by the Hong Kong Water Supplies Department and Drainage Services Department. GHG emissions arising from employees' business air travel were calculated using the carbon emissions calculator published by the International Civil Aviation Organization (ICAO).

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4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment

Staff is the foundation of corporate development and the important driving force behind its sustainable development. The Group strives to provide its employees with a safe, equal and supportive working environment, safeguarding their lawful rights and interests, and establishing a platform conducive to talent development and career advancement, with a view to enhancing employees' sense of belonging and cohesion. The Group is in strict compliance with employment-related laws and regulations, including but not limited to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and the Employment Ordinance of Hong Kong.

The Group has formulated the Employee Handbook, which clearly stipulates the requirements governing employees' code of conduct, workplace discipline and professional ethics, and has formulated policies covering various aspects of employment management and labour practices. Upholding the principles of fairness, equality and non-discrimination, the Group safeguards employees' rights and interests in areas including recruitment, remuneration and benefits, promotion and career development, training, and resignation management. The Group enters into employment contracts with employees in accordance with applicable laws, setting out arrangements relating to working hours, rest periods and leave entitlements, remuneration and benefits. The Group will continue to enhance its human resources management system to attract and retain experienced and professional talent, while fostering stable and harmonious labour relations.

The employment data of the Group during the Year is as follows:

Number of employees	2025/26	2024/25
Total number of employees	261	342
By gender		
Male	130	162
Female	131	180
By employment type		
Full-time	261	342
Part-time	0	0
By age group		
Aged below 30	19	31
Aged 30-50	185	260
Aged 50 above	57	51
By region		
Mainland China	249	328
Hong Kong	12	14

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Employee turnover rate ¹ (%)	2025/26	2024/25
Total number	18	50
By gender		
Male	12	59
Female	23	42
By age group		
Aged below 30	44	187
Aged 30-50	15	31
Aged 50 above	19	35
By region		
Mainland China	19	52
Hong Kong	0	0

Note:

1 Employees who did not pass the probation are not included.

Recruitment Practices

The Group adheres to the principles of “fairness, openness, competition, merit-based selection, and non-discrimination” during recruitment, focusing on the morality, professional skills, work experience, and suitability of candidates for relevant job requirements. We commit to not discriminate based on gender, age, race, religious beliefs, marital status, family responsibilities, or other factors unrelated to job performance and capabilities. The Group strives to recruit and nurture high suitable talents to build a relatively stable workforce and provide a human resources support for enterprise development.

The Group strictly prohibits the employment of child labour in accordance with the relevant laws and regulations such as the Provisions on the Prohibition of Using Child Labour, and has developed management procedures to prevent the use of child labour and forced labour. Applicants’ identification documents, relevant qualification certificates and work experience are reviewed by the Group during the recruitment process to verify their age and identity, preventing the inadvertent employment of child labour. Prior to the commencement of employment, the Group will enter into a labour contract with employees, which explicitly specifies the terms such as working hours, rest period, remuneration, insurance and benefits of employees, so as to safeguard the employees’ lawful interests, and avoid situations of forced labour. If child labour or forced labour is found, we will immediately stop their employment and conduct investigations to identify loopholes and implement remedies to prevent recurrence.

The Group has formulated the “Recruitment and Employment Management Procedures” and the “Resignation Procedures Handling Process” to standardise the recruitment and resignation processes, ensure efficient and orderly human resources management. After receiving the employee’s resignation application, the corresponding department head will conduct an exit interview with the resigning employee to discuss the reasons for resignation. The Group’s human resources department will also closely monitor employee turnover rates to identify potential management issues within the Group and rectify the issue in a timely manner.

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Remuneration and Promotion

To attract and retain talent, the Group has established a remuneration management system and provides employees with clear promotion pathways and competitive salary packages. The Group has established the "Human Resources and Salary Management System," which stipulates a minimum wage protection principle, ensuring that employees' wages are not lower than the local statutory standard. If overtime work is required, the Group will make overtime payment to employees in strict accordance with relevant laws and regulations.

The Group's remuneration system is divided according to different positions, including the annual salary system and the monthly salary system. The Group has also in place personalised remuneration system and commission-based remuneration system, and each department evaluates and adjusts wage levels based on comprehensive factors such as job wage standards, employee workload, job performance, tenure, and technical proficiency, ensuring that wage assessments are fair and motivating. In addition to the basic salary, employees' remuneration also includes performance bonuses, skill subsidies, position subsidies, late night supper subsidies, and high temperature subsidies.

In terms of career development, the Group adopts a monthly performance appraisal system to comprehensively evaluate employees' performance from aspects such as work quality, execution ability and communication and coordination ability, ensuring that the performance appraisal is made in an objective and comprehensive manner. The Group's promotion mechanism is based on employees' performance assessment results, career development planning and position vacancies, with priority given to internal promotion before considering external recruitment, providing diversified development paths for employees.

Employee Benefits

The Group is committed to establishing a comprehensive employee welfare system and providing employees with diversified benefits and protection, so as to show care and provide motivation. The Group pays for social insurance for employees, including endowment insurance, medical insurance (including maternity insurance), unemployment insurance, and work-related injury insurance, in strict accordance with relevant labour and social welfare laws and regulations of its location of operation, and provides the housing provident fund. In addition, employees are also entitled to additional benefits such as free accommodation, medical care, subsidies and work meals. For new employees, we have a special reward programme and additional subsidies. In order to improve employees's sense of belonging, we also provide benefits on employees' birthdays and various festivals, such as Women's Day.

In addition, the Group cares about both physical and mental health as well as work-life balance of its employees and adopts a five-day work week with eight-hour working system to ensure that employees have sufficient rest time. Employees are entitled to statutory holidays such as marriage leave, maternity leave, sick leave, bereavement leave and annual leave. For overlapping or cancelled holidays due to working arrangement, the Group will provide compensatory leave arrangements. Employees who worked overtime can enjoy compensatory leave or allowances. The Group also provides long-term service incentives to employees who have provided long-term service. The Group will reimburse training expenses for employee training. Furthermore, we also provide free physical examinations.

In conclusion, through a range of initiatives covering social security, life support, leave arrangements, training sponsorship and health and wellness care, the Group continues to promote employee well-being, reinforcing organisational belonging and work motivation.

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4.2 Development and Training

The Group continues to pay attention to the growth and development of employees and is committed to enhance employees' professional capabilities and workplace competitiveness. The Group's human resources department develops appropriate annual training programmes according to the annual operation plans and business objectives as well as the development needs of employees, and continuously improves its training management mechanism. The Group also maintains records of training programmes, training hours, participation hours and assessment results, which serve as important references for employee promotion, transfer and career development.

We provide our employees with comprehensive training resources and learning environment, including orientation, pre-job, professional skills, management ability, quality and safety trainings. Among these, the Group has formulated the "Orientation Training Programme" to provide orientation training for new employees, covering company introduction, rules and regulations, ISO basic knowledge, and fire safety, to assist employees understand the corporate culture and internal systems, master basic working requirements, and adapt to work quickly.

During the Year, the internal trainings organised by the Group encompass areas such as raising safety awareness, enhancing quality management, familiarising with internal standard procedure, and strengthening professional skills according to their positions. Safety training focused on practical modules including accident prevention and emergency response, enabling staff to identify potential hazards and master contingency skills. Quality management sessions covered quality systems, certification standards, and case-based drills to ensure comprehension of core principles and tools. Department-specific protocol training addressed policies, workflows and operating procedures, ensuring strict adherence to standard operating procedures while improving operational efficiency and accuracy. Professional competency training is provided according to the requirements of different functions, with a view to enhancing employees' professional skills and career competitiveness.

The Group also actively supports employees to participate in external training opportunities in addition to internal training and provide further education allowances to our employees to subsidise the costs of attending relevant training courses, to assist employees in acquiring industry knowledge and professional skills, thereby enhancing the overall quality of talent within the Group. At the same time, the Group also encourages employees with substantial experience to give internal lectures and share their own experiences and practicing knowledge. In this regard, we have established a training certification system by the human resources department, granting certification levels, teaching hours recognition and corresponding remuneration based on the teaching quality. We have created a good learning atmosphere in the enterprise through this approach, promoting the continuous development of our employees.

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During the Year, the Group's employees training are as follows:

Average hours of employees training (hour) and training percentage (%)	2025/26	2024/25
Total	12.4 (99.6)	11.7 (90.4)
By gender		
Male	12.6 (100)	9.4 (84.6)
Female	12.2 (99.2)	13.7 (95.6)
By function		
Senior executives	19.8 (100)	14.3 (78.9)
Technicians	12.0 (100)	11.2 (95.3)
Management executives ¹	10.5 (87.5)	14.9 (85.7)
Manufacturing personnel	11.9 (97.8)	11.5 (90.1)

Note:

1. Certain administrative personnel had a relatively shorter period of participation in the Group's full-year training programme, primarily due to the fact that they joined the Group during the Year. Going forward, the Group will continue to enhance its training arrangements and training record management to improve training coverage across employees with different functional responsibilities.

4.3 Health and Safety

The Group places its highest priority on the health and safety of employees and is committed to providing employees with a safe, healthy and orderly working environment. To prevent accidents and minimise occupational hazards, the Group strictly abides by the national and local laws and regulations with regard to labor safety, including but not limited to the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases, Emergency Response Law of the People's Republic of China, Shenzhen Safety Management Regulations, Shenzhen Enterprise Responsible Persons Safety Management Accountability Measures and the Occupational Safety and Health Ordinance of Hong Kong, to establish and perfect safety management rules and regulations, operational procedures and emergency management mechanisms to safeguard employees' personal safety and occupational health.

Adhering to the principle of "Safety First, Prevention-Oriented, Comprehensive Management", the Group continuously implements its production safety accountability system. Department heads assume corresponding safety management responsibilities, while workplace safety management is coordinated through the Safety Production Committee, Safety Officers and relevant functional departments. The Group also formulates an annual safety investment plan, allocating resources to areas including risk identification and hazard rectification, safety facility upgrades, enhancement of employee safety capabilities, emergency management, occupational health protection and optimisation of the safety management system. Through these initiatives, the Group seeks to progressively shift its safety management approach from reactive rectification to proactive prevention and control.

In terms of risk identification and hazard management, the Group conducts regular safety inspections and hazard assessments, with a focus on high-risk areas such as production workshops, storage areas, hazardous chemical storage facilities, special equipment operating areas, electrical systems and fire escape routes. Identified hazards are subject to closed-loop rectification procedures. The Group also commissions or arranges annual safety inspections for special equipment, including forklifts, pressure vessels and lifting machinery, to ensure compliance with relevant safety requirements. In addition, the Group continuously carries out inspections, maintenance and upgrades of fire protection systems, electrical installations and safety protection facilities to reduce the risks of fire, electric shock, machinery-related injuries and other workplace safety incidents.

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With respect to safety training, new employees are required to complete a three-tier safety induction programme and pass the relevant assessments before commencing work. Employees in special positions are required to receive relevant professional trainings and refresher training and obtain the necessary qualifications and certifications. The Group provides tiered and role-specific training programmes based on job responsibilities and risk characteristics, covering areas such as safe operating procedures, fire safety, emergency evacuation, hazardous chemical management, special equipment safety and occupational health protection, with a view to enhancing employees' safety awareness and emergency response capabilities.

The Group has established a comprehensive emergency response framework and specific contingency plans for various incidents. It has also formed an emergency leadership team, an emergency command centre and emergency rescue teams, with clearly defined responsibilities covering incident handling, fire-fighting, medical assistance, security and evacuation, communications, logistical support and emergency monitoring. The contingency plans cover scenarios including fires and explosions, natural disasters, public safety incidents, pressure vessel accidents, power distribution room incidents, hazardous chemical accidents, electrical emergencies and critical equipment failures. The Group regularly organises emergency drills and inspections of emergency supplies and equipment and conducts reviews and evaluations of drill performance and incident response activities to continuously strengthen its emergency preparedness and response capabilities.

In relation to hazardous chemical management, the Group has established a hazardous chemicals management policy governing the procurement, receipt, storage, issuance, use, transportation, disposal and spill response procedures for hazardous chemicals. Hazardous chemicals are required to bear safety labels and be accompanied by chemical safety technical specifications, and are classified and stored separately according to their physical and chemical properties and hazard categories. Relevant personnel are required to receive training on safety knowledge and operating procedures. In the event of a spill or other abnormal situation, the Group will respond promptly in accordance with established procedures to prevent escalation and environmental contamination.

The Group also places great emphasis on occupational health management. Appropriate protective measures and health examinations are arranged for employees who may be exposed to occupational health hazards such as dust, noise and chemicals, and personal protective equipment is provided according to operational requirements. The Group will continue to strengthen occupational health education, workplace environmental monitoring and the management of personal protective equipment usage in order to minimise occupational health risks.

During the Year, the number of work-related injuries was 3, and the number of working days lost due to work-related injuries was 3.5 days and there was no work-related fatality in the Group for the past three years.

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5. OPERATING PRACTICES

5.1 Supply Chain Management

The Group places great importance on establishing long-term, stable and mutually beneficial relationships with its suppliers. Through a transparent, fair and responsible supplier management framework, the Group seeks to ensure that suppliers consistently provide products and services that meet its quality, safety and compliance requirements. The Group has established supplier evaluation procedures in strict accordance with the relevant laws and regulations such as the Civil Code of the People's Republic of China, and conducts supplier selection, evaluation and management in accordance with the principles of openness, fairness, impartiality, honesty and credibility.

The Group has established supplier evaluation procedures. Prior to supplier engagement, prospective suppliers are required to provide company profiles, legal business licence, tax payment certificate and other relevant information for the assessment of their qualifications and compliance status. Upon approval, the Group will include qualified suppliers in the supplier database and conduct regular monitoring. In its day-to-day supplier management, the Group takes into account factors including quality management systems, customer complaint management, warehousing control, document control, employee training, technical capabilities and delivery assurance capabilities. Suppliers are also subject to annual comprehensive performance evaluations. Suppliers whose performance fails to meet the Group's requirements will be required to implement corrective measures within a specified timeframe. Failure to achieve satisfactory improvement may result in termination of the business relationship in order to enhance supply chain management effectiveness.

The Group also incorporates environmental and social risks into its supply chain management considerations and requires suppliers to comply with applicable environmental, safety and product compliance requirements. In relation to restrictions on hazardous substances in electrical and electronic equipment, the Group requires relevant suppliers to comply with the EU mandatory Restriction of Hazardous Substances (RoHS) Directive standards, fill in the RoHS compliance information form as required, submit the RoHS test report and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) test report from third-party institutes, and the absence of prohibited substances guarantee or the absence of environmental hazardous substances guarantee. We conduct on-site investigation for suppliers subject to RoHS requirements to ensure that their operation process will not cause adverse effect to the environment.

The Group closely monitors laws, regulations and standards relating to product safety and environmental protection, including Electromagnetic Compatibility ("EMC") certification requirements, Underwriters Laboratories ("UL") certification standards and RoHS requirements, and promptly communicates relevant updates to suppliers. Suppliers are required to sign social responsibility and anti-terrorism commitment undertakings, committing to compliance with social responsibility standards and local labour laws and regulations, safeguarding employees' lawful rights and interests, prohibiting the use of child labour and forced labour, and cooperating with the Group's social responsibility audits and investigations. Where suppliers are found to have engaged in unethical or unlawful business practices, the Group will take appropriate actions, including disqualification from the approved supplier list.

While pursuing business growth, the Group actively fulfils its environmental responsibilities and integrates green procurement principles into its supply chain management and procurement processes. Where practicable, the Group gives preference to suppliers located in closer geographical proximity to reduce the carbon footprint in the transportation. Among the 235 suppliers commonly used by the Group, 89.4% are located within the same province. To meet production requirements while minimising environmental impacts, the Group also gives priority to products with lower environmental footprints, such as the products with eco-friendly labels, refillable ballpoint pens and mechanical pencils, and eco-friendly paper.

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In addition, the Group has established inventory control procedures to record the condition of materials and products in storage, encourage employees to pay attention to the shelf life of materials and products, and give priority to use of those purchased earlier to avoid unnecessary waste. The Group will continue to enhance its supplier management, green procurement and inventory control processes in order to strengthen supply chain stability and sustainability performance.

During the Year, the number of major suppliers of the Group is as follows:

Number of Suppliers	2025/26	2024/25
Total number of major suppliers	235	234
By region		
Guangdong	210	205
Hong Kong	13	14
Other domestic regions ¹	12	14
Japan	0	1

Note:

1 Other regions include Zhejiang, Jiangsu, Henan, Fujian, Shanghai etc.

5.2 Product Responsibility

High-quality products are fundamental to the Group's competitiveness and its ability to earn customer trust. Adhering to a philosophy of continuous excellence, the Group is committed to providing customers with safe, reliable and high-quality products that meet applicable requirements. To strengthen its quality management system, standardise product quality control processes and enhance production management standards, the Group has formulated a quality policy based on, among others, ISO 9001:2015, ISO 13485, Quality System Regulation 21 CFR Part 820, EN ISO 13485, applicable medical device regulations and customer requirements, including Regulation (EU) 2017/745 (Medical Device Regulation, "MDR") and the Medical Device Directive 93/42/EEC ("MDD") applicable during the transition period, combined with the actual situation of the Company's product development, quality management, production, sales, and policies, laws, and regulations. The Group has compiled the "Quality Manual," which specifies the quality management responsibilities and follows the principles of "scientific, rigorous and practical". It is the important foundation for the operation and continuous improvement of the Group's quality management system, and must be followed by all of the employees.

The Group continues to implement its quality management system and has obtained ISO 9001:2015 Quality Management System certification. Throughout the product management process, the Group implements applicable product safety, quality and compliance standards according to product categories and market requirements and carries out relevant testing and certification management in accordance with customer specifications and export market regulations. The Group has also established customer service and complaint handling procedures to ensure that customer feedback and product-related concerns are addressed in a timely and effective manner, thereby continuously enhancing customer satisfaction and the quality of after-sales services.

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Testing and Examination

The Group strictly complies with applicable laws and regulations, including the Product Quality Law of the People's Republic of China and the Regulations on Quality Responsibility for Industrial Products, and has established quality management procedures covering raw material procurement, product manufacturing, finished goods shipment and after-sales feedback. The Quality Department is responsible for conducting product quality inspections and testing and performs inspections on raw materials, work-in-progress products and finished products to ensure compliance with the Group's quality standards, customer requirements and applicable regulatory standards.

In respect of production and shipment management, the Group conducts sampling inspections prior to product shipment and carries out safety specification and life-cycle testing based on product characteristics and customer requirements. Products that fail to meet quality requirements are subject to rework, segregation or disposal in accordance with the non-conforming product control procedures, ensuring that the finished products meet the required quality standards before being packaged and shipped. During the development process of new products, the Group will arrange various inspections and tests based on the research and development progress of the products, including appearance, equipment structure, leakage of electric current, insulation and pressure resistance, normal functions etc., and hold design review meetings with the joint participation of various departments to implement improvement measures for research and development and quality issues to ensure the quality and safety of the final products.

Moreover, the Group conducts internal audits and management review of the quality system on an annual basis to assess the legitimacy, appropriateness and effectiveness of the quality system with an objective to identify potential improvements and continuously improve the quality system level. The Group has also established a sound quality system document management procedure to systematically control the formulation, approval, distribution, usage and destruction of quality system documents to ensure the applicability, completeness and traceability of documents and records.

During the Year, no product has to be recalled due to safety and health reasons.

Customers' Feedback

The Group adheres to the customer-oriented service concept and attaches great importance to customer evaluation and suggestions. Therefore, we regularly conduct surveys on customer satisfaction regarding our product quality, service attitude, delivery arrangement, etc. Through the statistics and analysis of survey results, we will formulate quality objectives and management review standards, ensuring the provision of high-quality and suitable products to our customers, thereby cementing long-term good relationships with customers.

The Group strictly abides by the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and other relevant laws and regulations to ensure the legitimate rights and interests of customers. We also have set up comprehensive procedures for handling customers' complaints, which specify methods for handling customers' feedback information and procedures for taking corrective and preventive actions. The sales department of the Group is responsible for collecting and translating customers' feedback, and referring it to the quality control department for follow-up handling. The manager of the quality control department is responsible for the classification (quality warnings, quality incidents and major quality incidents) on the basis of the nature of the issue and its seriousness immediately after receiving the feedback, and arranging personnel to complete a preliminary investigation and analysis within three working days and proposing solutions in a timely manner. The Group has also formulated product notices and recall procedures to notify customers and relevant management departments, recall defective products, while the ISO department of the Group will promote continuous improvement of the quality management system to ensure that potential risks are eliminated in a timely manner to protect customers' safety.

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During the Year, the Group received a total of 37 complaints regarding the appearance, functionality, or quality of our products. Each complaint was properly handled, and individual follow-up reports on improvement measures were provided for each case's customer feedback, aiming to offer high-quality after-sales service and improve the quality of the Group's products.

Protection of Intellectual Property Rights and Privacy

The Group highly values intellectual property rights and strictly complies with applicable standards, laws and regulations, including the Requirements for Enterprise Intellectual Property Compliance Management Systems and the Copyright Ordinance. The Group continues to enhance its intellectual property management framework. To strengthen intellectual property management, the Group has formulated the Intellectual Property Management Manual and the Intellectual Property Management Control Procedures in line with its operational needs, clearly defining responsibilities, approval procedures and risk control requirements. Relevant personnel are responsible for overseeing the operation and continuous improvement of the intellectual property management system.

The Group actively promotes patent applications for inventions and creations that meet the conditions in a timely manner to obtain legal protection. We require new employees to fill out the intellectual property background investigation form and sign the intellectual property statement to ensure that infringement risks are prevented at source. The Group uses licenced software in office and production processes, while employees are required to apply for approval before installing software. Training is provided to strengthen employees' awareness of intellectual property and privacy protection, and an incentive mechanism is adopted to encourage innovation.

In respect of the management of confidential data, the Group requires employees to comply with the confidentiality clauses in the Confidentiality and Intellectual Property Protection Agreement and the Employee Handbook, whether they are currently employed or not, to keep all data related to the Group's technologies, operations, and management confidential. The Group requires all employees to sign a confidentiality agreement upon joining. Any breach of confidentiality obligations will be investigated and handled in accordance with the relevant policies and employment agreements. In external collaborations, the Group also incorporates intellectual property and confidentiality clauses into contractual arrangements to protect the legitimate interests of both the Group and its business partners.

In relation to employee information and customer privacy protection, the Group strictly complies with applicable laws and regulations, including the Personal Information Protection Law of the People's Republic of China, the Data Security Law and the Personal Data (Privacy) Ordinance of Hong Kong. The Group has established procedures governing the collection, use, storage and access of personal information and customer data. When entering into confidentiality agreements with customers, the Group clearly defines the scope of data usage and restricts access to sensitive customer information to authorised personnel only. In addition, the Group conducts regular training programmes to strengthen employees' awareness of information security and privacy protection, thereby reinforcing data privacy defences.

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5.3 Anti-corruption

The Group has always adhered to the principle of integrity in business operations, maintaining a zero-tolerance approach towards corruption, bribery, extortion, fraud and money laundering. The Group strictly complies with all applicable anti-corruption and anti-bribery laws and regulations, including but not limited to the Criminal Law of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong. During the Year, the Group was not involved in any corruption-related litigation cases.

The Group actively advocates a culture of integrity and honesty. Clauses of integrity listed in the Employee Handbook prohibit employees from abusing their authority or position for personal gain. Employees are required to handle rewards, gifts and conflict-of-interest matters in accordance with relevant requirements. Where a potential conflict arises between personal interests and professional responsibilities, employees must make timely declarations to enable the Group to identify potential risks and implement appropriate measures. To further enhance employees' awareness of integrity, the Group requires employees to sign a letter of commitment to integrity, and anti-corruption reminders are displayed in workplace areas to reinforce ethical conduct requirements.

The Group has established whistleblowing and complaint mechanisms. Employees who become aware of any suspected corruption, bribery or other misconduct may report such matters to management through designated email channels or complaint hotlines. The Group maintains strict confidentiality regarding reported information and the identity of whistleblowers and conducts investigations in accordance with established procedures. Where misconduct is found, the Group will take appropriate disciplinary actions, including but not limited to disciplinary sanctions, termination of employment and referral to relevant judicial authorities where appropriate.

To promote fair competition and a healthy business environment, the Group extends its anti-corruption requirements throughout its supply chain management practices. Suppliers are required to sign the "Supplier Anti-Commercial Bribery Commitment" and the "Supplier Integrity Cooperation Commitment" when entering into contractual arrangements with the Group. Where a supplier is found to have breached the relevant commitments, the Group reserves the right to require the supplier to bear the corresponding liabilities in accordance with contractual terms and may terminate the business relationship and pursue legal action where necessary.

To support sound corporate governance and effective internal control, the Group continues to provide training on anti-corruption, anti-bribery and whistleblowing policies, enhancing the ability of Directors, management and relevant employees to identify and prevent corruption-related risks. During the Year, no legal proceedings were brought against the Directors and employees for corruption or bribery.

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6. COMMUNITY INVESTMENT

The Group places great emphasis on corporate social responsibility and regards community harmony and social stability as important foundations for sustainable development. The Group believes that its long-term success is closely linked to the communities and social environment in which it operates. Accordingly, the Group continues to pay attention to the needs of local communities and promotes a corporate culture of community care, mutual support, inclusion and responsibility through its daily operations.

The Group encourages employees to support community development and care for disadvantaged groups, and supports their participation in volunteer services, charitable activities and community care initiatives within their capabilities. In previous years, the Group organised and supported employees to visit people in need and arrange outdoor activities for them. These initiatives help strengthen employees' sense of social responsibility and enable the Group to give back to society through practical actions. Such experiences also contribute to fostering a more caring corporate culture and enhancing employees' awareness of and participation in community welfare activities.

During the Year, the Group did not make any cash donations. Nevertheless, the Group continued to pay close attention to community welfare and charitable development and encouraged employees to care for society and fulfil their civic responsibilities through internal promotion and participation initiatives. During its daily management, the Group also remains attentive to the reasonable needs of employees, communities and other stakeholders and, where practicable, supports activities relating to community well-being, care for disadvantaged groups, environmental protection and public education.

Looking ahead, the Group will continue to uphold its commitment to community care and social contribution. Leveraging on its available resources, business characteristics and the needs of the communities in which it operates, the Group will participate in or support appropriate charitable and community initiatives in due course. The Group will also continue to encourage employee participation in volunteer services and charity programmes, fostering long-term, stable and positive relationships between the Group and the community, and contributing to sustainable community development wherever practicable.

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APPENDIX: ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE CONTENT INDEX

ESG KPIs	Summary	Reference Sections	Page
A. Environment			
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 and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions	5–10; 23–24
A1.1	The types of emissions and respective emissions data.	Emissions: Exhaust Emissions; Consumption; Management of Water Resources	5–6; 9–10; 23–24
A1.3	Total hazardous waste produced and intensity.	Emissions: Waste Disposal	7
A1.4	Total non-hazardous waste produced and intensity.	Emissions: Waste Disposal	7
A1.5	Description of emission target(s) set and steps taken to achieve them.	Response to Climate Change Emissions: Exhaust Emissions; Consumption and Management of Water Resources	5–6; 9–10; 23
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and the steps taken to achieve them.	Response to Climate Change Emissions: Waste Disposal	7–8; 23
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources.	Use of Resources	8–11
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources	8–9
A2.2	Water consumption in total and intensity.	Use of Resources	9–10
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Response to Climate Change Use of Resources: Energy Management	8–9; 23
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.	Response to Climate Change Use of Resources: Consumption and Management of Water Resources	9–10; 23
A2.5	Total packaging material used for finished products and with reference to per unit produced.	Use of Resources	10–11
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Use of Resources	8–11
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Use of Resources	8–11

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ESG KPIs	Summary	Reference Sections	Page
B. Social			
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	25–27
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B1.2	Employee turnover rate by gender, age group and geographical region.	Employment	26
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety	29–30
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety	30
B2.2	Lost days due to work injury.	Health and Safety	30
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety	29–30
B3 Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	28–29
B3.1	The percentage of employees trained by gender and employee category.	Development and Training	29
B3.2	The average training hours completed per employee by gender and employee category.	Development and Training	29

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ESG KPIs	Summary	Reference Sections	Page
B4 Labor 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.	Employment	25–30
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Employment: Recruitment Practices	26
B4.2	Description of steps taken to eliminate such practices when discovered.	Employment: Recruitment Practices	26
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	31–32
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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	31–32
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	31–32
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	31–32
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	32–34
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility	33
B6.2	Number of products and services related complaints received and how they are dealt with.	Product Responsibility: Customers' Feedback	33–34
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility: Protection of Intellectual Property Rights and Privacy	34
B6.4	Description of the quality assurance process and recall procedures.	Product Responsibility: Testing and Examination; Customers' Feedback	33–34
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility: Protection of Intellectual Property Rights and Privacy	34

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ESG KPIs	Summary	Reference Sections	Page
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	35
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	35
B7.2	Description of preventive measures and whistle blowing procedures, and how they are implemented and monitored.	Anti-corruption	35
B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption	35
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its business activities take into consideration the communities' interests.	Community Investment	36
B8.1	Focus areas of contribution.	Community Investment	36
B8.2	Resources contributed to the focus area.	Community Investment	36
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