Heng Tai Consumables Group Limited
亨泰消費品集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00197)

Environmental, Social and Governance Report 2025/26

ABOUT THE GROUP

Heng Tai Consumables Group Limited (the "Company") and its subsidiaries (collectively, the "Group") are principally engaged in (i) the trading of packaged foods, beverages and household consumable products (the "FMCG Trading Business"); (ii) the trading of agri-products ("Agri-Products Trading Business") and the upstream farming business ("Upstream Farming Business") (collectively, the "Agri-Products Business"); and (iii) other businesses, including travel agency, tour leading and related business ("Travel-related Business"), sales of packaged drinking water products ("Water Product Business"), sales of electronic products and information technology maintenance service ("IT-related Business"). The first two businesses come together to form two vertically integrated supply chains allowing the Group to effectively deliver perishable and non-perishable consumer products in Chinese Mainland.

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") REPORT

The Group emphasis the importance to maintain relationships with its various stakeholders, among employees, suppliers, customers and investors. This is achieved through a sustainable operating approach that emphasises the supply of safe and high-quality food products, the maintenance of an integrated supply-chain platform, and the cultivation of a supportive corporate culture. The Group also discharges its social obligations by adopting energy-conservation measures and taking part in community-welfare activities.

This Environmental, Social and Governance Report for 2025/26 has been prepared in accordance with the Environmental, Social and Governance Reporting Code contained in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The reporting period from 1 July 2025 to 30 June 2026 ("FY2025/26"). The report describes the Group's policies and performance in the areas of the environment, products, employees, the community and climate-related matters under Part D of the ESG Reporting Code. It is intended to strengthen the Group's sense of responsibility and its commitment to sustainable development. The report is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hengtai.com.hk) and should be read together with the Company's Annual Report 2025/26.

RESPONSIBILITY OF THE BOARD AND GOVERNANCE STRUCTURE

The Board (the "Board") of Directors of the Company (the "Director") has ultimate responsibility for the Group's sustainability direction and for the preparation of this report. The Board identifies and evaluates ESG-related risks facing the Group and confirms that proper risk-management and internal-control arrangements for ESG matters are in place. The Board has set up an ESG team consisting of directors and senior management, together with an ESG task force drawn from staff representatives. This ESG team assesses the effectiveness of the Group's sustainability strategy and policies affecting the Group's businesses, and reports to the Board on an annual basis.

Base on the ESG report, the Board examines and monitors progress against ESG-related goals and targets each year by comparing key performance indicators with the established targets, evaluating whether those targets remain appropriate, and determining suitable measures to enhance overall ESG performance.

REPORTING PRINCIPLES

The following principles have guided the preparation of this report:

(1) Materiality — The Group determines material ESG issues by stakeholder engagement and materiality assessment, details of which are set out in the following section.

(2) Quantitative — Information on the standards, methodologies and criteria used for the reporting of the environmental and social key performance indicators ("KPIs") have been disclosed in this report.

(3) Consistency — The methodologies used in this report are consistent with those used last year. There is no change in the material issues in this report when compared with the ESG Report 2024/25.

(4) Balance — The information presented in this report provides a complete and unbiased view of both the positive and negative performance of the Group on a year-on-year basis.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group has established various channels to allow stakeholders to participate in the Company's operations, and to understand and monitor the Company's operating conditions, so as to promote the formation of a community of harmony and common interest between the Group and stakeholders and realize maximum comprehensive social interest. Stakeholders can participate in the Company's operations through the following channels:

Major Stakeholders	Expectations	Communication and feedback
Shareholders and investors	• Investment returns • Business performance and strategies • Assets preservation and appreciation • Prevent operation risks	• Annual General Meeting • Annual and interim reports • Announcements and website update
Government and regulatory authorities	• Food safety • Compliance with Listing Rules • Payment of tax in accordance with law • Operation compliance with law	• Inspection and site visits • Company's filings and announcements • Tax payment • Work conference and discussion
Employees	• Welfare and remuneration • Occupational health and safety • Career development and training	• Staff meetings and activities • Staff training • Staff handbook
Customers and distributors	• Product quality and safety • Timely delivery and restocking • Effective communication	• Service hotline • Dedicated account managers • Company visits • Product exhibitions
Suppliers	• Long term stable cooperation • Timely settlement • Effective communication	• Company visits • Regular evaluation on suppliers • Dedicated account managers
Community & public	• Environment-friendly operations • Social welfare • Provide job opportunities	• Operation handbook and guidance • Charity and voluntary services • Company's website

During FY2025/26, the Company conducted a comprehensive internal materiality assessment to identify and assess ESG-related concerns and priorities that were shared by the Group and its stakeholders. Based on the assessment, food safety and quality, employees' career development and environmental protection are considered as the most important to the stakeholders and the Group.

REPORTING SCOPE AND BOUNDARY

For the purpose of this report, the Board identifies the reporting scope based on the materiality principle and considers the core business, main revenue source and the relationship between business and environment, social and governance. Since the FMCG Trading Business and the Agri-Products Trading Business occurred in Chinese Mainland (the "Major Businesses") this year covered over 80% of the Group's total revenue, thus the Major Businesses form the scope and boundary for reporting and discussions under this report, unless otherwise stated.

A. ENVIRONMENTAL

The Group's commitment to environment friendly operations is one of core philosophies. The Group's internal operational guidelines firmly comply with the Environmental Protection Law of the People's Republic of China and other applicable international standards to facilitate environmental protection, pollution prevention and efficiency of resource use. Furthermore, an environmental impact assessment shall be conducted for every new construction and expansion based on the standards set out by the government in order to minimize the negative impact on the environment near the Group's new developments.

EMISSIONS

The major air emissions discharged by the Major Businesses are the waste gas generated from its truck fleets (Direct Greenhouse Emission (Scope 1)) and the energy consumption arising from operational facilities and office premises (Indirect Greenhouse Emission (Scope 2)). The Group strictly abides by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution to reduce greenhouse gas emissions. The Group advocates the use of natural gas at its major operational offices and premises to reduce emissions. On the other hand, when the Group purchases new vehicles and trucks, the level of energy efficiency and less harmful impacts to the environment are the most important factor in determining the procurement policy.

The Group targets to maintain stable or declining emission level of the Major Businesses with respect to its operational level across years by implementing energy-saving initiatives and increasing energy efficiency. The Group achieved the target of reducing the emissions of the Major Businesses by around 5% to 15% by 2025 compared with FY2020/21's level. The total greenhouse gas emissions fell from about 787 tCO_2e in FY2020/21 to about 624 tCO_2e in FY2025/26, a reduction of approximately 20.7%. The decrease was primarily attributable to the decrease in fuel and electricity consumption caused by the Group's cost saving initiatives as well as the decrease in business activities throughout the years. Looking forward, the Group has set a voluntary medium-term objective of reducing emissions of the Major Businesses by a further 5% to 15% by 2030 compared with FY 2024/25's level voluntarily.

For sewage discharge, the Group's operations strictly comply with the Water Pollution Prevention and Control Law of the People's Republic of China and other local wastewater quality standards. Sewage would be treated to reach the discharge standard and then discharged into sewage pipe network. The Group's dedicated maintenance team conducts regular investigation to ensure the sewage treatment facilities are in good condition and the wastewater meets the emission standards. On the other hand, the Group adopts active measures to reduce water consumption such as prominently displaying promotion of water conservation and using sensor water taps.

The Group's Major Businesses do not generate hazardous waste, but the Group also has formulated management system for harmless waste handling, which is strictly in compliance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste. The harmless wastes produced by the Major Businesses are mainly office garbage and general warehouse wastes, which would be collected by qualified third parties for disposal. In order to minimize waste volume, the Group implements various measures for recycling and conserving resources, particularly for the consumption of packaging materials and office paper.

The Group targets to maintain stable or declining harmless waste volume level of Major Businesses across years voluntarily by implementing various recycling policies and strengthening staff education.

Emissions data for the Major Businesses are set out below:

Emissions	**Unit**	**FY2025/26**	FY2024/25
Direct greenhouse gas emissions (Scope 1)	tCO_2e	**136**	140
Indirect greenhouse gas emissions (Scope 2)	tCO_2e	**488**	498
Total greenhouse gas emissions	tCO_2e	**624**	638
Emission intensity (per HK$1 million revenue)	tCO_2e	**2.44**	1.49
Waste water	Tonne	**3,050.0**	3,100.0
Household garbage	Tonne	**1.5**	1.5
Waste paper	Tonne	**0.5**	0.5
Total non-hazardous waste	Tonne	**3,052.0**	3,102.0
Non-hazardous waste intensity (per HK$1 million revenue)	Tonne	**11.94**	7.25

A. ENVIRONMENTAL

During the financial year under review, the total greenhouse gas emissions decreased by approximately 14 tCO_2e compared to the previous financial year, emission intensity had slightly increased to 2.44 tCO_2e compared to 1.49 tCO_2e in FY2024/25 mainly due to the decrease in revenue. During FY2025/26, the Group continued to adopt various cost saving initiatives to lower the level of fuel and electricity consumed, hence the total greenhouse emissions decreased.

The volume of waste water was fairly stable compared to the previous financial year. The Group continued to maintain a high hygiene standard for cleaning and disinfecting the premises and offices during the financial year to prevent the virus spread.

The volume of household garbage and waste paper remained stable during FY2025/26 under review.

USE OF RESOURCES

The Group is dedicated to making every effort to improve energy efficiency and recycling of resources. While strictly complying with the "Energy Conservation Law of the People's Republic of China" for its operations, the Group also proactively encourages employees to participate in energy saving and recycling initiatives.

The Group adopts a number of measures to increase energy efficiency. One of the initiatives is to replace traditional lighting facilities with LED lights, which would reduce electricity consumption while maintaining effective illumination. Furthermore, the Group adopts a stringent energy saving scheme by controlling air-conditioning level and the utilization of electrical equipment. The Group would set annual energy conservation target and carry out supervision and inspection on various energy conservation works in order to achieve the target.

The Group aims to maintain stable or improved energy-use efficiency for the Major Businesses through energy-saving initiatives. The earlier target of reducing total energy consumption of the Major Businesses by approximately 5% to 15% by 2025 relative to the FY2020/21 level was achieved. Consumption declined from approximately 2,047 MWh in FY2020/21 to approximately 1,698 MWh in FY2025/26, a reduction of approximately 17.0%. Looking ahead, the Group has set a voluntary medium-term objective of reducing total energy consumption of the Major Businesses by a further 5% to 15% by 2030 against the FY2024/25 figure. Energy-saving measures will continue to be applied and the medium-term target will be reviewed in due course.

For water conservation, the Group strictly abides by the Water Law of the People's Republic of China and adopts various measures to reduce water consumption. The Group regularly inspects the water supply system such as pipelines and pumps in order to ensure the water supply is in good condition and prevent leakage. Furthermore, the Group's continuous promotion for water conservation and installation of sensor water taps also effectively reduce water consumption. However, the Group has been adopting more stringent hygiene and cleanliness standard since the outbreak of the coronavirus pandemic, the higher frequency of cleaning and disinfecting led to more water consumption than the pre-pandemic level.

The Group targets to maintain stable or lower water consumption of the Major Businesses with respect to its operational level across years voluntarily by implementing various water conservation measures and regular inspection on the water supply system. During both periods of FY2025/26 and FY2024/25, there were no issue in sourcing water that was fit for operation purpose.

The Group also attaches importance to conservation for other resources such as paper and warehouse materials. A paper free office practice is always advocated by means of simplifying paper documentation and using electronic means to greatest extent. Other measures such as double-sided printing and use of recycled papers are also implemented to reduce paper waste. On the other hand, the Group also proactively advocates recycling and green operations in its warehouse and operational depots. The materials such as pallets and crates are regularly counted to minimize waste, aged wooden pallets are collected regularly for recycling purpose. Other recycled waste, mainly redundant printed material and some cardboard, is compacted onsite for collection by qualified third party for recycling. The operations of the Major Businesses did not use significant amount of packaging materials.

A. ENVIRONMENTAL

The energy consumption of the Major Businesses is summarised below:

Energy	Unit	Volume	
		FY2025/26	FY2024/25
Natural gas	Cubic metre	**61,699**	62,000
Purchased electricity	MWh	**907**	912
Diesel	Litre	**3,105**	3,173
Gasoline	Litre	**7,341**	7,593
Total energy consumption	MWh	**1,698**	1,711
Energy consumption intensity (per HK$1 million revenue)	MWh	**6.64**	4.00

The total water consumption and intensity of the Major Businesses were as follows:

Water	Unit	Volume	
		FY2025/26	FY2024/25
Water consumption	Tonne	**3,393**	3,449
Water consumption intensity (per HK$1 million revenue)	Tonne	**13.27**	8.06

During FY2025/26, the total energy consumption decreased by approximately 13 MWh compared to FY2024/25. The decrease was primarily attributable to the decrease in fuel and electricity consumption caused by the Group's energy saving initiatives.

The volume of water consumption was fairly stable compared to the previous financial year as the Group continued to maintain a high hygiene standard for cleaning and disinfecting the premises and offices during the financial year. Water-saving devices such as sensor taps are installed and staff are reminded of the need to conserve water.

ENVIRONMENT AND NATURAL RESOURCES

The Group embraces the Reduce-Recycle-Reuse principle of waste management and promotes green office and better usage of resources amongst our staff. We consult with stakeholders from time to time on environmental issues to improve our environmental performance and minimise the possible negative impact from our operations.

During both periods of FY2025/26 and FY2024/25, the Major Businesses neither had significant impacts on the environment and natural resources nor generated heavy pollution.

CLIMATE CHANGE

The Group recognises both the risks and opportunities that climate change brings. The Group performs the risk analysis to assess the positive and negative consequences and the likelihood of whether those consequences will occur. Management of climate-related risks is incorporated into our broader enterprise risk management framework. The Group will provide guidelines and resources for staff to identify and mitigate significant climate-related issues which have impacted the Group.

The Group was not aware of any material non-compliance of environmental laws and regulations relating to emissions, wastewater discharges, and generation of hazardous and non-hazardous waste from the Major Businesses. Acute physical risk can arise from extreme weather conditions such as flooding and storms and chronic physical risk can arise from sustained high temperature, while transition risk may result from the change in environmental-related regulations or change in customer preferences. The ESG team evaluates the potential risks that may cause disruptions to the Major Businesses and sets up corresponding precautionary measures such as work arrangement and safety guidance for extreme weather conditions. During both periods of FY2025/26 and FY2024/25, no significant climate-related issues had impacted the Group. The Group also believes that the Major Businesses posed no significant impact on the climate and we will keep track of our business and formulate emergency mitigation if any suspected climate-related issues have occurred.

With effect from 1 January 2025, Part D of the ESG Reporting Code introduced a set of climate-related disclosure requirements which reflect IFRS S2 Climate-related Disclosures. Aspect A4 and KPI A1.2 were repealed with effect from 1 January 2025; this section is retained as a summary of the Group's climate related approach. The further disclosures that the Group has made under Part D, and the disclosures that the Group is not yet in a position to make, are set out in the following section.

A. ENVIRONMENTAL

PART D: CLIMATE-RELATED DISCLOSURES

Basis of preparation

Part D of the ESG Reporting Code sets out climate-related disclosure requirements based on IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board. Scope 1 and Scope 2 greenhouse gas emissions must be disclosed on a mandatory basis. The remaining climate-related disclosures in Part D apply to the Group on a "comply or explain" basis.

The Group has disclosed its Scope 1 and Scope 2 greenhouse gas emissions as required. It has also elected to report against a number of the other Part D requirements in this report, taking into account the scale and nature of its operations. The disclosures below are organised under the four pillars of governance, strategy, risk management, and metrics and targets.

In preparing these disclosures the Group has applied the implementation reliefs available under Part D. In particular:

- the Group has used all reasonable and supportable information available to it at the reporting date without undue cost or effort in identifying climate-related risks and opportunities and in determining the scope of its value chain (the reasonable information relief);
- the Group has not carried out quantitative climate-related scenario analysis and has not quantified the anticipated financial effects of climate-related risks and opportunities, because it does not yet have the skills, capabilities or resources to do so (the capabilities relief); and
- where the effects of climate-related risks and opportunities are not separately identifiable from other factors, or where measurement uncertainty is high, the Group has provided qualitative information instead of quantitative information (the financial effects relief).

The Group intends to extend these disclosures progressively as its data collection systems and internal capabilities develop.

Governance

The Board of Directors of the Company (the "Board") has overall oversight of climate-related risks and opportunities. Climate-related matters are considered as part of the Board's oversight of the Group's risk management and internal control systems and of its ESG performance generally. The Board is supported by an ESG team comprising directors and senior management and by an ESG task force formed by staff representatives. The ESG team evaluates potential climate-related risks that may affect the Major Businesses and reports to the Board on an annual basis.

Skills and competencies

The Board comprises directors with experience in food distribution, Agri-products trading, logistics and financial reporting. Senior management has direct operational experience of weather-related supply-chain disruption, cold-chain requirements and the environmental expectations of customers and regulators in Chinese Mainland and Hong Kong. The Board considers that these skills, taken together with operational input from the relevant business units, are appropriate to its current oversight responsibilities. Where a specific matter requires expertise that is not available internally, the Board obtains advice from external consultants. Directors receive updates on developments in the ESG Reporting Code and on climate-related reporting requirements as part of their continuous professional development.

How the Board is informed

Senior management and the ESG team provide the Board with operational information at least once a year and on a more frequent basis if a significant incident occurs, including updates on energy consumption, emissions performance, significant weather-related disruptions affecting the supply chain or logistics operations, and progress against environmental targets. Serious or emerging climate-related incidents are escalated to the Board without waiting for the next scheduled reporting date.

A. ENVIRONMENTAL

How climate-related matters are taken into account
The Board takes climate-related risks into account when it reviews the Group's overall strategy, major operational decisions and risk-management arrangements. In particular, climate-related considerations form part of the Board's assessment of supply-chain resilience, the adequacy of contingency arrangements for extreme weather, the preferential procurement of energy-efficient vehicles and equipment, and the monitoring of regulatory developments in Chinese Mainland and Hong Kong. Climate-related factors are also considered in the Board's review of capital expenditure on the vehicle fleet and energy systems, where the availability of more efficient alternatives is taken into account.

Oversight of targets and remuneration
The Board reviews progress against climate-related goals and targets on an annual basis by comparing key performance indicators with the established targets and determining whether further improvement measures are required. Climate-related performance metrics are not currently linked to the remuneration of directors or senior management.

Management's role
Senior management and ESG team are responsible on a day-to- day basis for identifying, assessing and managing climate-related risks and opportunities. The ESG team reviews potential climate-related risks that could affect the major businesses and submits its findings and recommendations to the Board each year. Operational teams keep track of weather-related supply-chain disruptions, energy use and the condition of facilities, and put in place the necessary contingency and energy-saving measures. Climate-related controls form part of the Group's existing operational, logistics and risk-management systems and are not maintained as a standalone process. The outcomes of the Group's internal control reviews are reported to the Board.

Strategy

Climate-related risks and opportunities
The Group has identified the climate-related risks and opportunities set out below as those that could reasonably be expected to affect its cash flows, access to finance or cost of capital. The Group defines its time horizons as follows: short term means within 1 year; medium term means 0–5 years; and long term means beyond 5 years.

Physical risks

Risk	Potential effect on the Group	Response
Typhoons, heavy rainfall and flooding (acute; short to medium term)	Disruption to transportation routes, flooding of warehouses or distribution centres, damage to cold-chain facilities, delayed deliveries and higher logistics costs.	Contingency plans for extreme weather, alternative routing, regular facility maintenance, monitoring of weather warnings.
Extreme heat/heatwaves (acute; short to medium term)	Higher energy demand for cold storage and refrigeration, reduced labour productivity in warehouses, increased risk of product spoilage.	Energy-efficient refrigeration systems, adjusted working hours, closer temperature monitoring of stored goods.
Rising mean temperatures and changing rainfall patterns (chronic; medium to long term)	Reduced long-term stability of the agri-products supply chain, higher procurement costs.	Monitoring of weather patterns in key sourcing regions, diversification of suppliers, closer control through the vertically integrated model.
Prolonged drought or water scarcity (chronic; medium to long term)	Higher prices for agri-products and potential supply shortages.	Supplier diversification, monitoring of water-related risks.
More intense storms and extreme weather events (acute; short to long term)	Interruption of inter-provincial logistics, damage to packaging and inventory in transit, higher insurance costs.	Contingency logistics arrangements, stronger packaging standards, insurance coverage review.

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Transition risks

Risk	Potential effect on the Group	Response
Tightening environmental regulations in Chinese Mainland and Hong Kong (policy and legal; medium to long term)	Higher compliance costs on emissions, energy efficiency, packaging and waste; possible need to upgrade vehicle fleet and energy systems.	Preferential use of energy-efficient vehicles, promotion of natural gas where feasible, energy-saving and water-conservation measures.
Growing customer and investor expectations for lower-carbon products and transparent climate disclosures (market and reputation; medium to long term)	Risk of reduced competitiveness or restricted access to finance if expectations are not met.	Annual ESG reporting, progressive strengthening of environmental data collection, monitoring of customer and investor requirements.
Shift in consumer preference toward sustainably sourced or lower-carbon food products (market; medium to long term)	Possible pressure on product mix and sourcing practices.	Closer monitoring of market trends, engagement with suppliers on sustainability practices.
Higher costs of low-carbon vehicles, refrigeration equipment and packaging materials (technology; medium to long term)	Increased capital or operating expenditure when replacing fleet or cold-chain equipment.	Preferential procurement of energy-efficient alternatives when renewing assets, phased upgrade approach.
Stricter packaging and waste regulations (policy and legal; short to medium term)	Higher costs for packaging redesign, recycling or disposal.	Ongoing packaging optimisation and recycling measures already in place.
Stakeholder expectations (Reputation Short to medium term)	increasing scrutiny by shareholders, customers and the community of the Group's environmental performance and of the quality of its ESG data, which may affect the Group's standing with customers and its access to finance.	Annual ESG reporting, engagement with stakeholders through the channels described under "Stakeholder Engagement", and progressive strengthening of the Group's environmental data collection.

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Opportunities

Opportunity	Potential effect on the Group	Response
Cost savings through energy efficiency (short to medium term)	Lower fuel and electricity costs from more efficient vehicles, lighting and refrigeration.	Energy-saving initiatives, fleet efficiency improvements, preference for natural gas where practicable.
Demand for more sustainably sourced products (medium to long term)	Commercial advantage if the Group can demonstrate responsible sourcing and supply-chain control.	Closer control over sourcing through the vertically integrated model, monitoring of supplier sustainability practices.
Greater supply-chain resilience as a competitive advantage (medium to long term)	Ability to maintain reliable supply during weather disruptions may strengthen customer relationships.	Strengthening of contingency logistics arrangements and supplier diversification.
Improved operational efficiency from better data and monitoring systems (short to medium term)	Better visibility of energy use and emissions supports cost control.	Progressive strengthening of environmental data collection systems.
Opportunities arising from customers' own sustainability requirements (medium term)	Ability to meet customers' green procurement or reporting requirements may support business retention and growth.	Alignment of operational practices and data provision with customer expectations.

Effects on business model and value chain

For the purpose of this ESG Report, the Major Businesses of the Group are the trading of packaged foods, beverages and household consumables (the "FMCG Trading Business") and the trading of agri-products (the "Agri-Products Trading Business"). These two businesses form vertically integrated supply chains that enable the Group to source, store, distribute and deliver both perishable and non-perishable consumer products across Chinese Mainland. Supporting logistics and cold storage are integral to both businesses. The Group's own asset base consists mainly of motor vehicles, warehouses, cold-storage facilities and office premises; a substantial proportion of transportation and certain storage capacity is arranged through third-party providers.

Climate-related physical risks are concentrated in the logistics and cold-chain stages that move products from origin to customers. Transition risks are concentrated in the Group's vehicle fleet, in electricity and fuel consumption at warehouses and distribution centers. Because the Group operates a vertically integrated model, it retains a greater degree of control over sourcing, storage and distribution than a pure trading intermediary, which affords a measure of resilience. The Group has determined the scope of its value chain using information available without undue cost or effort and has not obtained detailed climate-related data from every individual supplier and logistics partner.

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Strategy and decision-making

The Group responds to climate-related risks and opportunities principally through its existing operational systems. The measures adopted during the Reporting Period are those described in the sections headed "Emissions", "Use of Resources", "Environment and Natural Resources" and "Part D: Climate-Related Disclosures", and included the preferential procurement of energy-efficient truck fleets, use of natural gas where feasible, energy-saving and water-conservation initiatives, regular facility maintenance, and monitoring of supplier locations and weather-related supply disruptions. Contingency arrangements are in place to address extreme weather events affecting the supply chain.

The Group has not adopted a formal climate-related transition plan. The Board considers that a formal transition plan would not at present provide meaningful additional information to stakeholders given the scale of operations. The Group's current approach is to maintain its greenhouse gas emissions intensity, energy intensity, water intensity and non-hazardous waste intensity, as well as to pursue energy-saving initiatives and fleet-efficiency improvements on a best-effort basis and to keep the need for a more formal transition plan under review as data quality and customer requirements develop.

Progress of plans disclosed in previous reporting periods

The Group's climate-related targets in FY2025/26 for the GHG emission target and the energy consumption target, are the targets disclosed in the sections "Use of Resources" above. Looking ahead, the Group has set a voluntary medium-term target of reducing total Scope 1 and Scope 2 emissions of the Major Businesses by approximately 5% to 15% by 2030.They are to be achieved through the energy-saving and efficiency measures described in this section, which are implemented and monitored by the ESG team and reported to the Board.

Current and anticipated financial effects

The Group has considered the effects of climate-related risks on its financial position, financial performance and cash flows. Material impacts are monitored qualitatively through existing operational processes. The Group has not quantified these effects separately because they are not readily distinguishable from other factors affecting operating costs and because the necessary data systems are not yet in place. Applying the financial effects relief, the Group provides this qualitative explanation in place of quantitative amounts.

The Group has not quantified the anticipated financial effects of climate-related risks and opportunities over the medium and long term. It does not yet have the skills, capabilities or resources to prepare quantified projections of this nature. The Group has therefore applied the capabilities relief and the reasonable information relief and has provided qualitative information only.

The Board is not aware of any significant risk of a material adjustment within the next annual reporting period to the carrying amounts of the assets and liabilities reported in the consolidated financial statements for the year ended 30 June 2026 as a result of climate-related risks and opportunities.

Climate resilience

The Group has assessed the resilience of its business in a qualitative manner, having regard to operational experience of extreme weather impacts on the trading operations. The Group has not yet carried out formal climate-related scenario analysis. It does not have the skills, capabilities or resources to perform such analysis at present and has applied the capabilities relief and the reasonable information relief. The Group intends to develop scenario-analysis capability progressively in future reporting periods.

The Board considers that the Group retains a reasonable degree of flexibility in responding to climate-related change through its vertically integrated supply chain, its ability to adjust logistics arrangements, and its ongoing energy-efficiency measures. The principal uncertainties remain the frequency and severity of extreme weather events and the pace of regulatory and market change.

A. ENVIRONMENTAL

Risk Management

Climate-related risks are identified, assessed and managed within the Group's overall risk-management and internal-control framework rather than through a separate process. Senior management and the ESG team identify climate-related risks and opportunities from the sources available to them, which include operational experience of weather-related supply-chain disruption, records of logistics delays and facility impacts, updates on environmental legislation in Chinese Mainland, customer requirements, and publicly available climate information.

Each risk identified is assessed by reference to the likelihood of its occurrence and the magnitude of its potential effect on the Group's operations, supply-chain continuity, product quality and financial performance. Risks assessed as significant are reported to the Board together with the mitigating measures proposed. The effectiveness of those measures is monitored through operational reviews, energy and emissions data, and the annual review of the risk-management and internal-control systems.

Mitigation measures currently applied include preferential procurement of energy-efficient truck fleets and equipment, use of natural gas where feasible, energy-saving and water-conservation initiatives, regular maintenance of facilities, contingency arrangements for extreme weather, and close monitoring of suppliers and weather conditions. Climate-related opportunities are considered as part of the Group's operational and business-development processes. During the Reporting Period there has been no fundamental change in the processes used to identify, assess, prioritise and monitor climate-related risks and opportunities compared with the previous reporting period.

Metrics and Targets

Greenhouse gas emissions

The Group's scope 1, scope 2 emissions for the Reporting Period and the intensity of those emissions are set out in the section "Emissions" above, and the measurement approach, inputs and assumptions applied are stated below.

Scope 3 emissions, which would include purchased goods, downstream transportation and product end-of-life, have not been quantified. Given the nature of the business and current limitations in obtaining reliable data from suppliers and logistics partners, full Scope 3 measurement is not practicable at present. The Group will continue to explore ways to improve data collection in this area.

Measurement approach, inputs and assumptions

Greenhouse gas emissions have been measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, having regard to guidance published by the Stock Exchange and relevant emission factors for Chinese Mainland and Hong Kong. Scope 1 emissions comprise direct emissions from the combustion of fuel in the Group's truck fleets and other equipment under operational control. Scope 2 emissions comprise energy indirect emissions from purchased electricity and are measured on a location-based basis.

Assets and business activities vulnerable to climate-related transition risks

The Group has applied the Reasonable Information Relief and has not quantified the proportion of its assets or business activities that is vulnerable to transition risk, because an apportionment of the Group's assets by reference to transition risk exposure would require assumptions that the Group cannot presently support. The Group will reconsider this disclosure if any of its products becomes subject to such a measure.

Assets and business activities vulnerable to climate-related physical risks

The Group has applied the Reasonable Information Relief and has not carried out an asset-level assessment of business activities that is vulnerable to physical risk at the site, as the Group does not have access to that information without undue cost or effort.

A. ENVIRONMENTAL

Assets and business activities aligned with climate-related opportunities
The Group has applied the Reasonable Information Relief and has not carried out an asset-level assessment of business activities that align with climate related opportunities, as the Group does not have access to that information without undue cost or effort.

Capital deployment
The Group did not deploy any capital expenditure, financing or investment during the Reporting Period for the sole purpose of addressing climate-related risks or opportunities.

Internal carbon prices
The Group does not maintain an internal carbon price and does not apply a price on GHG emissions in its decision-making, including in its capital expenditure, research and development, investment, transfer pricing or scenario analysis decisions.

Remuneration
Climate-related considerations are not currently taken into account in the remuneration of Directors or employees, and no percentage of remuneration is linked to climate-related performance. The remuneration policy of the Group is based on the responsibilities, experience and performance of the individual and on prevailing market conditions. The Board will keep this position under review as the Group's climate-related targets develop.

Industry-based metrics
The Group has not adopted industry-based metrics associated with the engineering and construction services sector. The Board will consider whether the industry-based metrics referred to in the guidance published by the Stock Exchange, including those derived from the Sustainability Accounting Standards Board standards, can usefully be applied to the Group's operations in future reporting periods.

Climate-related targets
The Group previously targeted a reduction of approximately 5% to 15% in total greenhouse gas emissions of the Major Businesses by 2025 compared with the FY2020/21 baseline of 787 tCO_2e. This target was achieved, with emissions declining to 638 tCO_2e in FY2024/25, representing a reduction of approximately 18.9%.

Looking ahead, the Group aims to reduce total Scope 1 and Scope 2 emissions of the Major Businesses by approximately 5% to 15% by 2030 compared with the FY2024/25 new baseline level of 638 tCO_2e, on a voluntary basis and assuming similar operational levels. Progress is reviewed annually by senior management and the ESG team and reported to the Board. The target has not been validated by a third party, and no formal interim milestones have been set beyond the annual review. The Group will continue to pursue energy-saving initiatives and fleet-efficiency improvements on a best-effort basis and will review the target periodically.

B. SOCIAL

The Group considers building a harmonious and motivating work environment is a key factor for sustainable development. The Group is committed to provide an equal platform for recruitment, learning and development of employees with an aim to establish good labour relations and attract talents to work for the Group. These commitments are set out in Group's employee manual which has been effectively implementing.

The methodology adopted for reporting the social KPIs was based on "How to Prepare an ESG Report — Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

EMPLOYMENT

At 30 June 2026, of the Major Businesses has 81 headcount employees (30 June 2025: 128). The following figure sets forth the employee structure by gender, employment type, age group and geographical region:

Workforce	**Number**	
	FY2025/26	FY2024/25
By gender:		
— Male	**22**	62
— Female	**59**	66
By employment type:		
— Full time	**62**	109
— Part time	**19**	19
By age group:		
— under 30 years old	**3**	7
— 30–50 years old	**57**	87
— Over 50 years old	**21**	34
By geographical region:		
— PRC except Hong Kong and Macau	**70**	124
— Hong Kong	**9**	2
— Macau	**2**	2

Percentage of employee turnover rate	**FY2025/26**	FY2024/25
By gender:		
— Male	**200%**	8%
— Female	**20%**	5%
By age group:		
— under 30 years old	**167%**	14%
— 30–50 years old	**54%**	8%
— Over 50 years old	**95%**	0%
By geographical region:		
— PRC except Hong Kong and Macau	**79%**	6%
— Hong Kong	**11%**	0%
— Macau	**0%**	0%

The Group's employee manual and policies are in compliance with the requirements under the applicable laws and regulations, whereby the Major Businesses strictly abides by the Labour Law of the People's Republic of China and the Labour Contract law of the People's Republic of China that are the relevant laws for the Group's employees recruited in China. The Group provides a fair and equal recruitment process with which the selection process is solely based on candidates' work experience, academic qualifications, personal achievements and individual capability. Other factors like race, gender, age and religious belief are not used and considered for recruitment selection.

The remuneration package is in strict accordance with relevant regulations and requirements in respect of work hour, minimum wage standard and required insurances and welfare benefits. The salary levels are determined based on position levels, job nature and the comparable market rate for similar position. The Group also adopts a transparent promotion system which is based on the employees' past performance, experience and relevant qualifications. All employees are entitled to equal opportunities and fair treatment for their career development.

B. SOCIAL

HEALTH AND SAFETY

As one of the most important assets, the Group put top priority on employees' health and safety. The Major Businesses strictly abides by all relevant laws and regulations in respect of work safety and is committed to providing a healthy and safe working environment for employees.

The Group has developed a comprehensive internal operational manual to set out health and safety-related guidelines which is regularly reviewed and promoted to relevant employees. In addition to the internal operational manual, the Group thoroughly identifies the risky areas in the existing workplaces and implements measures such as regular investigation into firefighting and electricity supply system to reduce risks. The Group also organizes different events, trainings and drills to educate employees of the Major Businesses increasing their safety-consciousness and encouraging proper safety procedures.

The Group offers medical insurance to employees and follows up any problematic case.

No work-related fatalities cases from the Major Businesses occurred in each of the past three financial years including FY2025/26. No lost days due to work injury nor material non-compliance with relevant laws and regulations in relation to occupational health and safety of the Major Businesses was recorded during the reporting year.

DEVELOPMENT AND TRAINING

The Group is providing a harmonious and people-oriented working environment. The Group considerably cares employees' career development and invests many resources in this area.

The Group provides various trainings to employees including but not limited to induction training, and job-specific training provided by department heads, regulations updates as well as ethics training covering anti-bribery and whistleblowing and sponsorship program for position-related self-education and professional qualification. During FY2025/26, the average training hours per employee were approximately 4 hours (FY2024/25: approximately 4 hours). The Group will continue to invest in staff development to enhance competence, productivity and employee satisfaction.

The percentage and training hours of employees of the Major Businesses are as follows:

	FY2025/26	FY2024/25
Percentage of total employees trained	**48%**	54%
Breakdown by gender:		
— Male	**33%**	46%
— Female	**67%**	54%
Breakdown by employee categories:		
— Senior management	**16%**	15%
— Middle level staff	**38%**	33%
— General staff	**46%**	52%
Approximate average number of training hours that employees participated in	**4 hours**	4 hours
Breakdown by gender:		
— Male	**3 hours**	3 hours
— Female	**4 hours**	5 hours
Breakdown by employee categories:		
— Senior management	**6 hours**	5 hours
— Middle level staff	**8 hours**	7 hours
— General staff	**2 hours**	3 hours

B. SOCIAL

LABOUR STANDARDS

The Major Businesses strictly complies with the laws and regulations such as relevant provisions as stated in the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

The Group expressively stipulate that child labour is prohibited and will not support the practice of employing child labour by other companies. The human resources department conducts thorough check of personal identity of candidates during recruitment to prevent the use of child labour. On the other hand, the Group encourages work-life balance and will not mandatorily require employees to work overtime persistently and employees can work overtime only on a voluntary basis. If any employment of child labour or forced labour in violation of regulations is found, the Group will immediately terminate the labour contract, investigate into the reasons and liabilities, and impose due punishments on faulty employees. During both periods of FY2025/26 and FY2024/25, the Major Businesses had no incidents of child labour nor forced labour identified.

SUPPLY CHAIN MANAGEMENT

The Group implements stringent selection process for suppliers in order to ensure product quality. For new suppliers, the Group conducts in-depth research and assessment, in particular on suppliers' history, reputation, product quality control and performance in corporate social responsibility, including their environmental, social and ethical standards. The Group only starts business relationship with suppliers who possess applicable business and food safety licenses in their countries. For qualified suppliers with whom the Group has business relationship, the Group conducts annual review over their performance and maintains efficient communication channels with them in regard to the Group's latest requirements. The communication channels include regular telephone conference, emails and meetings, to understand the suppliers' operational standard. During both periods FY2025/26 and FY2024/25, all suppliers have been reviewed through the said practices.

The following is the number of suppliers of the Major Businesses divided by region:

	FY2025/26	FY2024/25
South East Asia	**19**	23
Australasia	**4**	7
Europe	**2**	2
Total	**25**	32

PRODUCT RESPONSIBILITY

As a conscientious food trading company in China, the Group always upholds the principle of delivering safe and quality products to customers. The Major Businesses is in strict compliance with relevant laws and regulations for food safety such as the Food Safety Law of the People's Republic of China and the Product Quality Law of the People's Republic of China. A comprehensive quality control system has been established with a dedicated team responsible for execution and inspection. In order to ensure the quality control is up to standard, the Group also adheres to the international standards such as ISO9001 quality management system, HACCP system and ISO22000 food safety management system for its operations.

The Group highly values the protection and management of intellectual property rights, and strictly abides by laws and regulations, including the "Trademark Law of the People's Republic of China", the "Copyright Law of the People's Republic of China", and the "Patent Law of the People's Republic of China", among other laws and regulations.

Additionally, the Group attaches great importance to customers' feedback and promotes real-time response to product complaints. A dedicated customer service team has been set up to provide speedy response to customers' inquiries and complaints. The Group would take remedial measures for product complaints as soon as practicable and conduct in-depth investigation to identify the problems with an aim of formulating preventive measures and improving customer satisfaction level. The Group has established product recall procedures and set up a product recall team, in order to investigate and perform quality and safety checks for potential recall products. During FY2025/26, there were no significant product recalls or complaints for product quality or safety issues for the Major Businesses.

B. SOCIAL

The Group adopts a rigorous review procedure for product labels in order to give precise and transparent information to customers. The Group has established a cross-department team to review label contents and ensure all information presented is accurate and complies with the relevant laws and regulations and food safety standards such as the GB7718 National Food Safety Standard — General Rules for Labeling of Prepackaged Foods and GB28050 National Food Safety Standard — General Rules for Nutrition Labeling of Prepackaged Foods.

The Group attaches great importance to consumers' information and privacy and strictly complies with the requirements of relevant laws and regulations including the "Law of the People's Republic of China on the Protection of Consumers' Rights and Interests". The Group properly handles and keeps strict confidentiality of consumers' personal information collected and employees are strictly prohibited from disclosing consumers' information deliberately. For any employees in breach of the Group's privacy policies, they will be subject to due punishment including termination of employment.

ANTI-CORRUPTION

The Group strictly prohibits any corruption and bribery and adheres to the provisions of the laws and regulations for all business activities including Anti-Unfair Competition Law of the PRC, Anti-Money Laundering Law of the PRC, Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). The Board has adopted the Whistleblowing Policy and Anti-bribery & Corruption Policy in order to strengthen the corporate governance system of the Group. The Board is accountable to overseeing the anti-bribery efforts of the Group which includes values and culture, monitoring risk management system and internal controls. Senior management are responsible for ensuring the effective implementation and in particular, the communication and training, monitoring potential risk in daily operation, reporting and investigation of any suspicious bribery activities within the Group.

The Company requires all employees to report bribery activities according to the Company's Whistleblowing Policy. Whistleblower can make report of incidents or suspected cases verbally or in writing to Human Resources Manager confidentially. If the report is extremely serious, whistleblowers should report it directly to the Audit Committee. Investigations will follow and if cases are concluded sustained, disciplinary action or referral to law enforcement authorities will be taken place as appropriate.

To promote probity culture with the Group seminars and trainings related to anti-corruption are held annually for employees and enhance their awareness against corruption and bribery as well as any unfair competition activities. The thorough internal procurement policy prevents employees from seeking personal gain and abusing of power during selection and tender process.

During the financial year, there was no legal cases regarding corrupt practices brought against the Major Businesses or its employees and the Group was not aware of any non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

COMMUNITY INVESTMENT

The Group always encourages its employees to participate in charity activities to care people in need. The Group has assigned an officer with her contribution of around 10 hours for both the period of FY2025/26 and FY2024/25 to promote and organise to get our staff involved in social donation events and community services. Other than community caring, the Group also focuses on environmental consciousness by promoting effective use of resources in office by setting it as one of the appraisal aspects of employees' performance.