



# SMC ELECTRIC LIMITED 蜆壳電業有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2381



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## About the Report

SMC Electric Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are delighted to present the Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”), which details the Group’s management approach, related policies, activities, performance and contribution that drive sustainable business development of the Group for the year ended 31 December 2025 (the “**Year**” or “**2025**”). This Report seeks to enhance stakeholders’ understanding of the Group’s progress and development direction on sustainable development issues.

## Reporting Framework and Boundary

This Report is prepared in accordance with the requirements under the Environmental, Social and Governance Reporting Code (“**ESG Reporting Code**”) set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**SEHK**”) for the Year.

The reporting boundary of this Report is consistent with the reporting boundary of the Report for the year ended 31 December 2024 (“**2024**”). This Report covers subsidiaries and operations that contribute to the Group’s principal activities and have a significant influence on the Group’s ESG performance. This includes the production site in Shunde District, Foshan, Guangdong Province, the People’s Republic of China (the “**PRC**”) and in the office in Hong Kong.

## Reporting Principles

According to the ESG Reporting Code, the following reporting principles were applied in this Report:

Materiality	The Group regularly conducts materiality assessments to identify its material ESG issues to the business. By gathering the feedback of stakeholders, the Group can have a better understanding of their concerns and expectations of the Group’s sustainable development. For further details, please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment”.
Quantitative	To measure the effectiveness of ESG-related policies, the Group has adopted the SEHK’s ESG Reporting Code, relevant guidelines published by SEHK and other international organisations, in measuring and presenting quantitative environmental and social key performance indicators (“ <b>KPIs</b> ”). Details of the standards used are described in the relevant sections of this Report.
Balance	This Report provides an unbiased picture of the Group’s ESG performance.
Consistency	Unless otherwise stated, the Group uses consistent reporting standards and methodologies to allow for meaningful comparisons of related data over time. If there is any change in the reporting scope or calculation method, which may affect the comparison with previous reports, the Group will explain the corresponding data.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Chairman's Statement

Dear valued stakeholders,

In compliance with the ESG Reporting Code and the Corporate Governance Code (the “**CG Code**”), the board (the “**Board**”) of directors (the “**Directors**”) of the Company has taken up an overall responsibility for formulating the Group's ESG strategy and ensuring that appropriate and effective ESG-related risk (including climate-related risk) management and internal control systems are in place. The Board has delegated an ESG working group (the “**ESG Working Group**”) to execute the policies, evaluate the performance in different aspects, and supervise ESG-related issues and work of the Group. Each department integrates ESG measures into daily operations to ensure a cohesive sustainability culture. Where specialised technical expertise is required, the Group engages external advisors to refine our management processes.

The Group's commitment to long-term value creation is rooted in a proactive stakeholder engagement framework. We recognise that our operational success is deeply intertwined with the interests of our shareholders, employees, customers, suppliers, partners, and the broader community. To ensure our sustainability strategy remains dynamic and responsive, we conduct annual materiality assessments through comprehensive questionnaires distributed to both internal and external stakeholders. This structured dialogue allows us to identify and prioritise the ESG issues most critical to our business and our partners, ensuring that our resources are allocated where they can generate the most significant impact.

These insights are directly integrated into our corporate governance, as the Board reviews and recalibrates our sustainability strategies at least annually to align with both stakeholder expectations and evolving regulatory requirements. Beyond our internal operations, the Group remains a dedicated community partner, by embedding stakeholder perspectives into our core strategy, that transform ESG concerns into opportunities for continuous improvement and shared prosperity.

Acknowledging the escalating physical and transition risks posed by climate change, the Group has formally integrated climate scenario analysis into its climate risk management framework this year. We have begun evaluating the long-term resilience of our assets and operations against extreme weather events and shifting regulatory landscapes. This scientific approach ensures our decarbonization roadmap is grounded in data-driven climate projections.

The Group is dedicated to accelerating our transition toward a low-carbon, socially responsible business model. Our Board-level oversight ensures that every strategic decision is weighed against its environmental and social impact, fostering a culture of accountability across all levels of the Group. By staying responsive to the evolving expectations of our stakeholders and the global landscape, we are confident in our ability to deliver sustainable growth that stands the test of time.

**Mr. Yung Kwok Kee, Billy**  
*Chairman*

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Mission and Vision

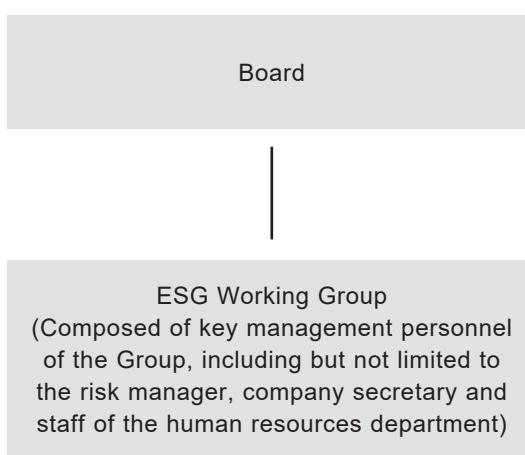
The Group is committed to a better understanding of customer needs, innovating and delivering safe and environmentally friendly products of good quality, which are manufactured with the goal of conserving natural resources. While committed to the pursuit of profit, the Group also strives to reduce any negative impacts on the environment, its workforce and business partners, and the community.

There is a growing concern about sustainable operations of the market, and demands for sustainable products and services surge these days. As regulators and investors are increasingly concerned about sustainability issues and related risks, the Group will continue to review its sustainability governance strategy and refine relevant policies and measures.

## Governance Structure

The Group attaches great importance to ESG issues and is integrating ESG concepts into its operation and management. The Group highly values governance for sustainability. It has established and constantly improved its ESG governance and management mechanisms, aiming to establish a sound ESG system into its business operations. The Group has been actively practising the concept of sustainable development and creating long-term stable environmental, social, and corporate values. The Group believes that an orderly governance framework is the key to ensuring that the sustainability issues the Group faces are incorporated into the corporate agenda. The Group's governance structure is as follows:

### The Group's Sustainability Governance Structure



The Board assumes the leadership and supervisory role of the Group. The Board reviews and manages ESG-related issues every year. The Group has also set up the ESG Working Group, which is responsible for considering the ESG (including climate change) risks and strategy as determined by the Board, monitoring sustainability performance and goals, engaging with different stakeholders and reviewing their opinions, and collecting ESG information and data to prepare the Group's ESG reports. Engaging with key stakeholders through conducting materiality assessments can enhance the understanding of the degree of the importance of the Group's stakeholders to each material ESG issue, which enable the Board to plan the sustainable development direction more comprehensively in the future. Besides, the ESG Working Group will evaluate the performance of environmental, occupational health and safety, labour standards and product responsibilities aspects, and regularly report to the Board on their findings, decisions and recommendations relating to ESG issues.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Stakeholder Engagement

The Group values the importance of communication with its stakeholders and maintains open communication channels with them in order to build trust and long-term relationships.

The following table summarises the Group's key stakeholders, the main channels through which the Group communicates with its stakeholders and stakeholders' issues of concern.

Stakeholder	Communication channels	Issues of concern
Shareholders	<ul style="list-style-type: none"> <li>Annual general meetings</li> <li>Financial reports</li> <li>Announcements and circulars</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Investment returns</li> <li>Sustainable operations</li> <li>Corporate governance and risk control</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Regulatory documented information</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with the relevant laws and regulations</li> <li>Business integrity and ethics</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Support service team</li> </ul>	<ul style="list-style-type: none"> <li>Safety and quality of products</li> <li>Customer data and privacy protection</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Procurement process</li> <li>Supplier on-site audit management system</li> </ul>	<ul style="list-style-type: none"> <li>Supplier evaluation and management</li> <li>Business integrity</li> <li>Stable business relationships</li> </ul>
Community and the public	<ul style="list-style-type: none"> <li>Company website</li> <li>Company's announcements</li> </ul>	<ul style="list-style-type: none"> <li>Environmental issues of greenhouse gas ("GHG") emissions</li> <li>Climate change mitigation and adaptation</li> <li>Emissions and waste management</li> <li>Social concerns and charity events</li> </ul>
The Board of Directors and senior management	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Training and seminars</li> <li>Intranet</li> </ul>	<ul style="list-style-type: none"> <li>Emergency response plan</li> <li>Business development</li> <li>Compliant operation</li> <li>Financial performance</li> <li>Risk management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employee training and meetings</li> <li>Performance appraisals</li> <li>Employee opinion survey</li> <li>Channels for employees' feedback such as forms and suggestion boxes</li> <li>Management newsletters</li> <li>Intranet</li> </ul>	<ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Training and development</li> <li>Employees' benefits</li> <li>Company activities</li> <li>Equal opportunity</li> </ul>

## Objectives and Priorities – Sustainability

The Group highly values governance for sustainability. It takes sustainable development as one of its important tasks.

The Group believes that its sustainable development plan relies on the expectations and feedback of the stakeholders. The Group's business operations may affect its shareholders, employees, customers, suppliers, and the government, and in turn, they may have their expectations and opinions on the Group's operations and strategies. The Group actively seeks solutions to improve energy and production efficiency, continuously enhances employees' working environment and encourages employees to be part of its sustainable development. On the other hand, the Group listens to the voices of various social groups and participates in the promotion of community development.

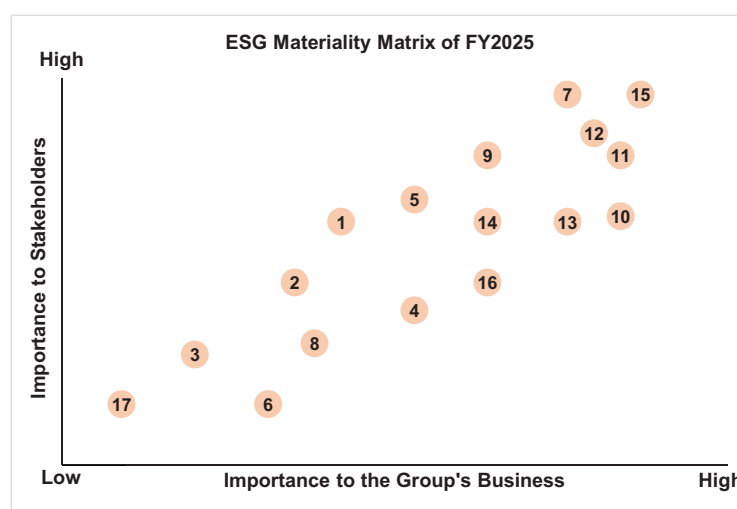
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Objectives and Priorities – Sustainability (Continued)

The Group believes that this Report is one of the channels to convey its sustainability strategy, management direction and performance to the stakeholders, and promotes the integration of sustainability into the Group’s business.

## Materiality Assessment

Based on the materiality of each of the ESG topics expressed by the stakeholders, the ESG topics are prioritised and shown as below:



### ESG issues

1	Energy efficiency	10	Responsible supply chain management
2	Use of materials	11	Quality control of production material
3	Responding actions to climate risks	12	Customer satisfaction, customer service quality and complaint handling
4	Environmental compliance	13	Intellectual property rights
5	Employment policies and labour rights	14	Customer privacy and data protection
6	Diversity and equal opportunity	15	Product quality
7	Occupational health and safety	16	Anti-corruption
8	Employee training	17	Community investment
9	Prevention of child labour and forced labour		

## Contact Us

The Group values feedback from its stakeholders. If you have any questions regarding this Report or the Group’s performance in sustainable development, please feel free to make enquiry by mailing to the head office and principal place of business at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental

### Emissions

The Group recognises the importance of maintaining good environmental management and strives to protect the environment in order to fulfil its corporate social responsibilities. The Group implements its Environmental, Social and Governance Policy ("**ESG Policy**"), which states the Group's guiding principles and methods to manage emissions, energy consumption and waste management throughout its daily operations. All products manufactured at the Group's production sites will conform to environmental safety standards as well as meeting customers' quality requirements. The Group's production processes have been scrutinised to make sure full environmental compliance is met, to achieve optimal waste reduction and energy conservation.

During the Year, the Group was not aware of any non-compliance with the relevant laws and regulations that has a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The relevant laws and regulations include, but are not limited to, the Atmospheric Pollution Prevention and Control Law of the PRC, the Environmental Protection Law of the PRC, the Water Pollution Prevention and Control Law of the PRC, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste and the Air Pollution Control Ordinance of Hong Kong.

### Air Pollutant Emissions

The Group's operations do not generate a large amount of air pollutants. The Group's major sources of air pollutants are (1) limited amount of volatile organic compound gases released during production processes and (2) gas emissions from the consumption of fuels from goods vehicles.

Regarding the emission of volatile organic compound gases, the Group takes all measures to ensure strict compliance with the national regulations on environmental protection management of construction projects, before the relevant pollutant discharge and treatment facilities are put into production or use.

The emission amount was assessed by a third-party consultant to ensure compliance with the Atmospheric Pollution Prevention and Control Law of the PRC, Integrated Emission Standard of Air Pollutants and the Occupational Exposure Limits for Hazardous Agents in the Workplace Part 2: Physical Agents.

The Group has also declared to the PRC's National Environmental Protection Administrative Department the relevant pollutant discharge and treatment facilities, as well as the type, quantity and concentration of pollutants discharged and measures to prevent air pollution.

The Group strives to reduce the harmful gas generated from its operations by performing regular performance and conditions checks to ensure that its operating assets are in good condition and do not generate excessive emissions during their usage. In addition, operation manuals and training are provided to employees to monitor and improve the effectiveness and efficiency of using these assets, by taking appropriate measures to reduce unnecessary emissions. The Group also considers the potential adoption of electric vehicles in its operations, demonstrating its efforts to reduce the carbon footprint.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Emissions (Continued)

#### Air Pollutant Emissions (Continued)

The Group's air pollutant emissions are set out below:

Indicators <sup>1</sup>	Unit	2025 <sup>2</sup>	2024
Nitrogen oxides	kg	48.24	171.05
Sulphur oxides	kg	0.05	0.09
Particulate matter	kg	2.24	11.46

Notes:

1. The air emissions calculations are based on the emission factors in "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the SEHK.
2. The reduction in nitrogen oxide, sulphur oxides and particulate matter emissions is because some transportation activities are now carried out by external providers, and the related emissions are excluded from the Group's reporting boundary.

#### Waste Management

In carrying out industrial production, not only is it necessary to strictly control emissions, but also to deal properly with wastes in order to avoid polluting soil and water sources with chemical pollutants. The waste management practice of the Group is compliant with laws and regulations relating to environmental protection in the PRC. The Group also distributes relevant materials to employees, raising their awareness on handling and managing wastes.

The Group adopts two main principles for its waste management – minimisation and making the best use of resources to reduce waste disposal and its environmental impacts and maximise resource efficiency. Besides, the Group has designed various e-cards for the festive blessing to reduce the use of paper to encourage its staff to celebrate with minimal ecological footprints.

Wastes produced by the Group from the production site, warehouses and offices are stored and disposed of by categories of "recyclable", "non-recyclable" and "hazardous waste". Wastes generated by the Group mainly come from a small number of leftovers, tin slag and staff's domestic wastes during the production process. The leftovers and tin slag are collected and sold to recyclers. The domestic wastes are stacked in a centralised manner and cleaned and transported by the environmental sanitation department timely. After the above treatment, the adverse effects of wastes on the environment can be eliminated.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Emissions (Continued)

#### Hazardous Wastes

Hazardous wastes generated during production mainly contain waste wipes and waste engine oil. To the best of the Group's knowledge, no material amount of hazardous waste was generated by the Group during the Year.

The Group has implemented a stringent waste management policy to reduce the generation of hazardous wastes:

- Control the use of oil rags during machine operation; and
- Improve production procedures to reduce the consumption of chemicals and oil.

The following measures are adopted to handle the disposal of hazardous wastes generated during production:

- Hazardous wastes are temporarily stored in the hazardous waste workshop, and they are further processed by licensed environmental service providers in the PRC;
- The floor of the hazardous waste temporary storage site has been hardened and an anti-overflow weir is set up to meet the requirements of anti-seepage, windproof and rainproof;
- A sign of obvious hazardous waste is set up, which meets the relevant requirements of the "Hazardous Waste Storage Pollution Control Standard"; and
- Set up special posts for hazardous waste management and transfer records.

#### Non-hazardous Wastes

During the Year, the Group mainly generated non-hazardous wastes from its production activities and daily office operation. The major type of non-hazardous waste generated by the Group was office paper. During the Year, the total non-hazardous waste generated by the Group was approximately 0.7 tonnes. The Group's total non-hazardous waste intensity<sup>1</sup> in the Year was approximately 0.36 tonnes per million quantities shipped and 0.003 tonnes per million HKD revenue.

Note:

1. The different intensity figures in this Report are calculated per million products shipped from the Group's production site. During the Year, the quantities shipped by the Group were approximately 1.96 million (2024: approximately 2.7 million); and the revenue was approximately 218 million HKD (2024: approximately 257.28 million HKD).

In 2024, the Group set a target of maintaining or reducing the non-hazardous waste intensity in 2025, using approximately 0.21 tonnes per million quantities shipped in 2024 as the baseline. The Group did not achieved this target due to the volume purchased was used as the basis for emissions, but we procure paper in advance as inventory, resulting in an increase in non-hazardous waste amount during the Year.

Considering the Group's business development and the latest available full-year data, the Group has set a target for 2026, aiming to maintain or reduce the non-hazardous waste intensity year-on-year to reduce waste generation. The Group introduced e-filing systems and implemented paper-saving measures to reduce paper usage and minimise waste associated with paper consumption. Meanwhile, the Group sets up recycling boxes to effectively collect waste and encourage proper disposal of recyclable materials. The Group will also educate its employees on the significance of sustainable development and provide relevant support in order to enhance their skills and knowledge of sustainable development to strive to achieve its waste reduction target in the future.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Emissions (Continued)

#### Wastewater

No wastewater was generated in the Group's production process. The Group's wastewater discharge mainly comes from domestic wastewater from canteens, dormitories and kitchens. Wastewater generated is discharged into the municipal sewage pipe network for unified treatment.

#### Use of Resources

Under the premise of not compromising the products' strict international quality standards, the Group strives to improve the efficiency of resource use. The Group strives to increase energy efficiency in general and reduce its dependence on direct and indirect energy. Through actively promoting various environmentally friendly measures, the Group encourages efficient use of resources, including energy, paper, water and other raw materials. The measures taken by the Group to conserve resources are as follows:

- Reduce the use of air-conditioning by limiting the hours of operation and setting the temperature at 25 degrees Celsius to maintain optimal temperature;
- Organise training on saving energy regularly;
- Keep the faucets off when they are not in use;
- Conduct regular inspections of faucets;
- Repair timely when there is dripping, spraying and leaky faucets;
- Promote e-platform for internal information circulation;
- Encourage the use of recycled paper and double-sided printing;
- Encourage all employees to "think before print";
- Allocate recycled boxes to facilitate the convenient collection and recycling of used and non-used papers;
- Switch off lighting and electrical office equipment when they are not in use;
- Recycle used ink cartridges; and
- Promote green procurement practices, such as opting for refillable ball pens and energy-efficient office equipment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Use of Resources (Continued)

#### Energy Efficiency

While the Group consumes energy for its daily business operations, it is committed to reducing its energy consumption. Energy consumption includes direct energy consumption and indirect energy consumption. Direct energy consumption is quantified based on the consumption of fuels from goods vehicles and on-site renewable energy used by the Group. During the Year, the Group's direct energy consumption was approximately 101.96 MWh, including 69.16 MWh generated by on-site renewable energy. Indirect energy consumption is quantified based on the Group's purchased electricity from external sources. During the Year, the Group's indirect energy consumption was approximately 495.13 MWh. Fossil fuels to power goods vehicles and electricity are the major sources of the Group's energy consumption. During the Year, the Group has taken steps to reduce the use of electricity and fuels, including the increased use of renewable energy by installation of solar panels at rooftops<sup>2</sup>. During the Year, the Group's total energy consumption was approximately 597.09 MWh (2024: approximately 587.21 MWh).

The energy consumption of the Group is set out below:

Indicators	Units	2025	2024
Direct energy consumption <sup>1, 2</sup>	MWh	<b>101.96</b>	125.85
Indirect energy consumption	MWh	<b>495.13</b>	461.36
Total energy consumption	MWh	<b>597.09</b>	587.21
Energy consumption intensity	MWh/million quantities shipped	<b>304.64</b>	217.49
	MWh/million HKD revenue	<b>2.74</b>	2.28

Notes:

1. The unit conversion calculation is based on the conversion factors in "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the SEHK.
2. Direct energy consumption consists of diesel and renewable energy (solar) generated on site, which are 32.80 MWh and 69.16 MWh respectively.

In 2024, the Group set a target of maintaining or reducing the total energy consumption intensity in 2025, using approximately 217.49 MWh per million quantities shipped in 2024 as the baseline. The Group did not achieve this target mainly due to the increased consumption of electricity and renewable power during production, as well as the decreased quantity of products shipped. The Group will continue its commitment to efficient energy use.

Considering the Group's business development and the latest available full-year data, the Group has set a target for 2026, aiming to maintain or reduce the total energy consumption intensity year-on-year. The Group reviews the use of energy resources from time to time and implements improvement measures when necessary to strive to achieve its energy use efficiency target. From an operational perspective, the Group implements energy-saving policies in which it can further optimise its efficiency in terms of resources management. The Group will record its electricity consumption data on a monthly basis and analyse if any abnormal consumption level occurred.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Use of Resources (Continued)

#### Water Consumption and Water Sourcing

The Group's water use is mainly high-purify water in its manufacturing operations and domestic water used in offices and dormitory areas. During the Year, the Group's total water consumption was approximately 2,870 m<sup>3</sup> (2024: approximately 2,413 m<sup>3</sup>).

The water consumption of the Group is set out below:

Indicators	Units	2025	2024
Total water consumption	m <sup>3</sup>	2,870	2,413
Water consumption intensity	m <sup>3</sup> /million quantities shipped	1,464	894
	m <sup>3</sup> /million HKD revenue	13.17	9.38

In 2024, the Group set a target of maintaining or reducing the total water consumption intensity in 2025, using approximately 894 m<sup>3</sup> per million quantities shipped in 2024 as the baseline, and the Group did not achieve this target mainly due to a pipe burst incident in early 2025 at Shunde factory. The Group will continue its commitment to efficient water use.

Considering the Group's business development and the latest available full-year data, the Group has set a target for 2026, aiming to maintain or reduce the total water consumption intensity using 2024 as baseline year for a meaningful comparison. The Group proactively implements water-saving measures to strive to achieve its water efficiency target. For example, all employees are required to turn off water faucets when they are not in use. All water facilities and equipment are well-maintained and regular inspections are conducted to prevent water leakage. The Group encourages all employees to develop the habit of conserving water consciously. Pantry and washrooms are posted with environmental messages to remind employees of the importance and urgency of water conservation. Similar to the Group's energy conservation measures, the Group will record its water consumption data on a monthly basis and analyse if any abnormal consumption level occurred.

The Group attaches great importance to water resource conservation. Under the water supply of municipal governments, the Group has no difficulty in obtaining water resources and the business is not water-intensive. Therefore, water consumption is not the most material environmental topic to the Group.

#### Raw Materials

Measures are adopted in the procurement process through avoiding over-ordering to reduce waste produced.

The Group recognises the importance of waste reduction at the source and hence requires all departments to purchase an accurate amount of raw materials to avoid over-ordering and wastage due to materials deterioration and damage. Substandard materials will all be returned to suppliers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Use of Resources (Continued)

#### Packaging Materials

The Group mainly utilises raw materials (copper wire, rubber and plastic) and packaging materials for production. The Group reuses packaging materials from the suppliers as much as possible and reduces the use of packaging materials by utilising automatic transportation lines.

During the Year, the Group's total packaging materials consumption was approximately 603 tonnes (2024: approximately 747 tonnes). The Group strives to improve its sustainability practice and avoid over-packaging. Production departments are required to properly plan for use of raw materials and packaging materials, so as to optimise the use of resources, while effectively cutting down the cost of production and packaging materials. In addition, the Group incorporates the principles of "easy to recycle, easy to disassemble, easy to use" into the product design process in consideration of environmental impacts during product use phase, ensuring a holistic approach that considers the entire product lifecycle.

The Group's packaging materials mainly include paper, carton paper box and packaging blister. The usage of each is set out below respectively:

Indicators	Units	2025	2024
Paper and carton boxes	tonnes	601	740
Packaging blister	tonnes	2	7
Total packaging materials consumption	tonnes	603	747
Total packaging materials consumption intensity	tonnes/million quantities shipped	308	277
	tonnes/million HKD revenue	2.77	2.90

#### The Environment and Natural Resources

The air pollutants, GHG and hazardous wastes generated from the business can be destructive to the ecosystem. Therefore, the Group is committed to integrating the concept of environmental protection into its production management and daily operation.

Despite that the daily operations of the Group will not have a serious impact on the environment or natural resources, the Group has formulated the ESG Policy to strive to reduce the impact of its operations on the environment. Through the abovementioned measures elaborated in the sections headed "Emissions" and "Use of Resources", the Group endeavours to minimise the negative environmental footprint and the potential impacts of the operation on the environment and natural resources. In the future, the Group will continue its commitment to environmental protection and strive to build a greener and healthier environment to fulfil its responsibilities as a member of the community. The Group encourages employees to reuse, reduce and recycle to minimise wastage in daily operations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Climate Change

#### Governance

Climate change is affecting many industries. A transition towards a low-carbon economy is essential to mitigate climate-related risks and seize opportunities. The Board oversees the implementation of relevant initiatives across different departments of the Group, and reviews climate-related disclosure and its actions to enhance climate resilience. The Board is also responsible for risk governance and ensuring that the ESG Working Group maintains a comprehensive system of risk management. Under the Board's delegations, the ESG Working Group assesses climate-related risks and opportunities, determines the response strategies for climate change, formulates specific work plans, coordinates the work among various departments, and reports to the Board on the progress against the milestones.

#### Strategy

Understanding the potential risks and opportunities in this transition, the Group has identified significant climate-related issues which have impacted and may impact its operations. The Group has also formulated the Climate Change Policy to tackle these issues, as well as fortifying its business resilience for the challenges of a changing climate. To achieve this, we have integrated climate-related considerations into our core risk management assessment and daily operation, allowing us to evaluate potential impacts across our entire value chain and implement robust mitigation strategies. We assess physical risks stemming from acute or chronic climate change in two scenarios, namely Green Scenario (SSP1-1.9) and Brown Scenario (SSP5-8.5), with reference to the Shared Socioeconomic Pathways used by the Intergovernmental Panel on Climate Change ("IPCC"). These broadly represent climate scenarios relating to anticipated increases in global average temperatures, which enable us to identify potential climate risks and opportunities facing the Group, thereby enhancing our resilience to climate change.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Climate Change (Continued)

#### Strategy (Continued)

Physical Risk					
Risk Type	Potential Impact	Risk Level		Time Horizon <sup>1</sup>	Mitigation Strategy
		Green scenario	Brown scenario		
Frequent extreme weather events (such as heavy rainfall, extreme heat, severe cyclones, flooding, droughts and water shortages) may adversely affect or pose potential risks to the Group's operations.	Production disruptions caused by extreme weather may affect infrastructure such as power systems, drainage systems or production equipment, together with the associated maintenance losses.	Low	Medium	Short-term	<ul style="list-style-type: none"> <li>The Group has developed a set of arrangements to deal with extreme weather events so that loss can be reduced or avoided when extreme weather affects the Group's operating sites.</li> <li>The Group has purchased insurance to hedge against financial losses.</li> </ul>
	The impact of extreme weather on logistics and supply chains, production efficiency and employee commuting has resulted in operational and financial losses.	Low	Medium	Medium-term	
Long-term shifts in climate patterns may pose chronic climate risks to the Group, such as persistent high temperatures potentially leading to sea-level rise or prolonged heatwaves.	High-temperature environments may expose employees to heightened risks of heat stress and health hazards, potentially impacting productivity and overall staff wellbeing.	Low	Medium	Short-term	
	Increased infrastructure costs, such as the need to construct climate-resilient infrastructure to ensure efficient operation during high-temperature weather; increasing demand for drainage facilities due to the damage of production equipment cause by floods.	Low	Medium	Long-term	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Climate Change (Continued)

#### Strategy (Continued)

Transition Risk					
Risk Type	Potential Impact	Risk Level		Time Horizon <sup>1</sup>	Mitigation Strategy
		Green scenario	Brown scenario		
The ways in which climate change impacts markets are complex and multifaceted, such as alterations to the supply and demand for certain commodities, products, and services (eg. products produced by green technologies).	A substantial increase in the cost of raw materials, such as metals or polymeric materials, will lead to higher operating costs.	Medium	Low	Medium-term	<ul style="list-style-type: none"> <li>The Group constantly monitors any changes in laws or regulations and adjusts internal policies in accordance with statutory requirements.</li> <li>The Group will seek compliance consulting services where appropriate to reduce legal risks.</li> <li>The Group has taken comprehensive measures to protect the environment, including measures aimed at reducing GHG emissions.</li> </ul>
	As manufacturing technologies advance in line with the latest industry standards, outdated production equipment or processes may struggle to keep pace with necessary upgrades. This could result in diminished competitiveness for the Group, increased maintenance costs, compatibility issues, and a reduction in market share.	Medium	Low	Long-term	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Climate Change (Continued)

#### Strategy (Continued)

Transition Risk					
Risk Type	Potential Impact	Risk Level		Time Horizon <sup>1</sup>	Mitigation Strategy
		Green scenario	Brown scenario		
Changes in domestic and international climate change policies, alongside evolving global trends such as carbon peaking and carbon neutrality goals in PRC, constitute relevant risk factors.	The tightening of relevant policies and/or regulations increases the costs associated with meeting the requirements, including but not limited to increased operational costs, insurance costs, compliance costs, and penalties for non-compliance.	Medium	Low	Medium-term	

Climate-related Opportunities	Time Horizon <sup>1</sup>	Description	Potential Impacts
<ul style="list-style-type: none"> <li>Reputation opportunities</li> </ul>	Medium-term to Long-term	<ul style="list-style-type: none"> <li>The formulation and implementation of climate-related policies, alongside the development and operation of carbon markets, may effectively promote the adoption of renewable energy.</li> </ul>	<ul style="list-style-type: none"> <li>More investments in and adopting renewable energy technologies, improving energy efficiency, and reducing carbon emissions, there is an opportunity to enhance market competitiveness.</li> </ul>
<ul style="list-style-type: none"> <li>Market opportunities</li> </ul>	Medium-term to Long-term	<ul style="list-style-type: none"> <li>Rising temperatures and the need for energy conservation may lead to either positive or negative impacts on product manufacturing.</li> </ul>	<ul style="list-style-type: none"> <li>Market demand and sales of electric fans may increase that potentially requiring the Group to adjust its sales strategy to emphasise the energy-saving benefits of electric fans.</li> </ul>

Note:

- The time horizon is defined by the impact period that climate-related risk or opportunity may cause to the operation of the Group. Short-term is for 1 to 3 years, medium-term is for 3 to 5 years and long-term is for 5 to 10 years.

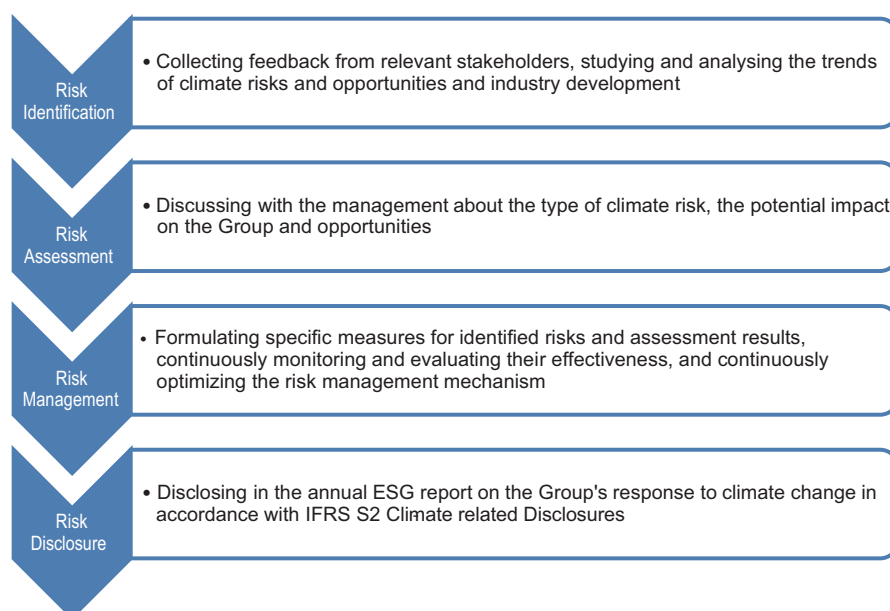
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Climate Change (Continued)

#### Risk Management

The Board oversees risk governance, ensuring that the Group's management maintains a robust system of risk management and internal controls. During the Year, the Group undertook a climate scenario analysis to identify, prioritize, and address potential risks associated with climate change. The ESG Working Group assesses, ranks and evaluates the risks, and revises and approves the disclosure of estimated climate-related impacts. Certain climate-related risks have been classified as emerging, and the Group acknowledges their inherent connections to broader strategic, financial, and operational risks. To address and mitigate these risks, the Group closely monitors existing and emerging trends, policies, and regulations related to climate change, prompting management as needed to avoid potential violations or reputational harm from delayed actions. Furthermore, the Group is committed to reducing GHG emissions, contributing to global climate change mitigation efforts. It will also continue to monitor and adapt to evolving standards, refining its management framework to integrate the identification, assessment, and management of climate-related issues into its enterprise risk management system.



#### Metrics and Targets

The Group primarily generates GHG emissions due to energy consumption in its daily business operations. Direct (Scope 1) GHG emissions are emissions from operations that are owned or controlled by the Group, which include the consumption of fuels from goods vehicles used by the Group. During the Year, the Group's direct (Scope 1) GHG emissions were approximately 8.44 tonnes of carbon dioxide equivalent ("tCO<sub>2</sub>e"). Energy indirect (Scope 2) GHG emissions are emissions resulting from the generation of purchased or acquired electricity consumed within the Group. The Group recognises that our environmental impact extends far beyond our direct operations, as our collaborative business model relies on networks of upstream and downstream partners. Following analysis of core business activities, our Scope 3 other indirect emissions primarily arise from the procurement of goods and services (Category 1), logistics and distribution (Category 4 and 9), operational waste (Category 5), and business travel (Category 6). We are actively strengthening our data collection infrastructure and refining precise calculation methodologies to ensure the accuracy of value chain reporting. The Group remains committed to comprehensive transparency and strive to disclose Scope 3 data in subsequent reports upon completion of rigorous assessment and verification processes.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Environmental (Continued)

### Climate Change (Continued)

#### Metrics and Targets (Continued)

During the Year, the Group's energy indirect (Scope 2) GHG emissions were approximately 216.00 tCO<sub>2</sub>e. The Group's total GHG emissions (Scope 1 and 2) were approximately 224.44 tCO<sub>2</sub>e (2024: approximately 305.35 tCO<sub>2</sub>e). The Group's GHG emissions are set out below:

Indicators <sup>1</sup>	Units	2025	2024
Direct (Scope 1) GHG emissions <sup>2</sup>	tCO <sub>2</sub> e	<b>8.44</b>	15.59
Energy indirect (Scope 2) GHG emissions <sup>3</sup>	tCO <sub>2</sub> e	<b>216.00<sup>2</sup></b>	289.76
Total GHG emissions (Scope 1 and 2) <sup>4</sup>	tCO <sub>2</sub> e	<b>224.44</b>	305.35
Total GHG emissions (Scope 1 and 2) intensity	tCO <sub>2</sub> e/million quantities shipped	<b>114.51</b>	113.09
	tCO <sub>2</sub> e/million HKD revenue	<b>1.03</b>	1.19

#### Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalents and are based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development and the national emission factor for the PRC in "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the SEHK.
2. The reduction in Scope 1 emissions is because some transportation activities are now carried out by external providers, and the related emissions are excluded from the Group's reporting boundary.
3. To improve localised accuracy, the total electricity emissions were calculated using the updated 2023 Electricity Carbon Dioxide Emission Factor (2023年電力二氧化碳排放因子) with South China regional factor of 0.4042 kg CO<sub>2</sub>/kWh (published by the National Statistics Bureau in December 2025), replacing the previous 2023 National Electricity Carbon Footprint Emission Factor (2023年全國電力碳足跡因子) of 0.6205 kg CO<sub>2</sub>/kWh (published by the National Statistics Bureau in January 2025).
4. During the Year, the Group also recorded other indirect (Scope 3) emissions amounting to approximately 32.82 tCO<sub>2</sub>e (2024: approximately 17.98 tCO<sub>2</sub>e), attributing to more business air travel of the Group's employees due to the need for on-site client engagement. The total GHG emissions (Scope 1, 2 and 3) were approximately 257.26 tCO<sub>2</sub>e.

In 2024, the Group has set a target to maintaining or reducing the total GHG emissions (Scope 1 and Scope 2) intensity in 2025, using approximately 113.09 tCO<sub>2</sub>e per million quantities shipped in 2024 as the baseline. The Group did not achieve this target mainly due to the decreased quantity of products shipped. In addition, by utilising solar panels, we achieved a reduction of 25% in energy indirect (Scope 2) GHG emissions compared to relying solely on purchased electricity, reflecting the Group's dedication to reducing carbon emissions.

The Group has set a target for 2026, aiming to maintain or reduce the GHG emissions intensity (for Scope 1 and Scope 2) year-on-year. In line with our ongoing commitment to emission reduction goals, the Group has installed solar panels in 2024. The Group has encouraged its sales team to reduce the number of overseas trips and meet customers via video conferencing to strive to achieve its emissions targets. In addition, the Group has adopted various energy-saving measures to strive to achieve its emission target. The relevant energy-saving measures are described in the section headed "Energy Efficiency". The Group will continue its commitment to reduce its GHG emissions and may also explore the feasibility to extend the coverage of Scope 3 emissions in the future.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social

### Employment

#### Employee Profile

The Group has recorded a detailed diverse workforce portfolio. As at 31 December 2025, the total number of employees of the Group was 110 (as at 31 December 2024: 115), all of whom were full-time employees. During the Year, the Group's employee turnover rate was approximately 22% (2024: 10%). The Group's employees are primarily responsible for management, sales and marketing, shipping, procurement, finance and accounting, engineering and production.

The number of employees of the Group by category is as follows:

Indicators	Unit	As at 31 December 2025	As at 31 December 2024
<b>Number of employees</b>	number	<b>110</b>	115
<b>By gender</b>			
Female	number	<b>62</b>	72
Male	number	<b>48</b>	43
<b>By age group</b>			
Under 30	number	<b>13</b>	7
30-40	number	<b>17</b>	14
41-50	number	<b>39</b>	52
Above 50	number	<b>41</b>	42
<b>By geographical region</b>			
The PRC	number	<b>67</b>	75
Hong Kong	number	<b>36</b>	35
Vietnam	number	<b>7</b>	5

The number and rate of employee turnover of the Group by category are as follows:

Indicators	Units	As at 31 December 2025	As at 31 December 2024
<b>Number and rate of employee turnover<sup>1</sup></b>	number (%)	<b>24 (22%)</b>	11 (10%)
<b>By gender<sup>2</sup></b>			
Female	number (%)	<b>14 (23%)</b>	7 (10%)
Male	number (%)	<b>10 (21%)</b>	4 (9%)
<b>By age group<sup>2</sup></b>			
Under 30	number (%)	<b>1 (8%)</b>	1 (14%)
30-40	number (%)	<b>2 (12%)</b>	2 (14%)
41-50	number (%)	<b>14 (36%)</b>	3 (6%)
Above 50	number (%)	<b>7 (17%)</b>	5 (12%)
<b>By geographical region<sup>2</sup></b>			
The PRC	number (%)	<b>17 (25%)</b>	7 (9%)
Hong Kong	number (%)	<b>3 (8%)</b>	4 (11%)
Vietnam	number (%)	<b>4 (57%)</b>	0 (0%)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Employment (Continued)

#### Employee Profile (Continued)

Notes:

1. The calculation method of turnover rate:  $(\text{number of employees leaving employment} \div \text{number of employees at the end of the year}) \times 100\%$ .
2. The calculation method of turnover rate by category:  $(\text{number of employees leaving employment in the category} \div \text{total number of employees in the category at the end of the year}) \times 100\%$ .

#### Employment Practices

The Group believes attracting and retaining talents is the key to its business sustainability development; thus, employee development, employment conditions and workplace standards have always been the Group's prime concerns. The Group seeks to maintain a stable, motivated and supportive workforce underpins the diverse, fair and respectful corporate culture. The Group strives to make sure employees comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment.

The Group provides equal opportunities for all personnel in respect of recruitment, remuneration, training and development, promotion and other terms of employment. The Group's practice covers fair reward and compensation, anti-discrimination, safety of the workplace and ethical behaviour. The Group values its employees' contributions to the Group's growth and success, and believe they are the Group's most important asset.

During the Year, the Group was not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The relevant laws and regulations include, but are not limited to, the Labour Law of the PRC, the Labour Contract Law of the PRC, the Social Insurance Law of the PRC and the Employment Ordinance of Hong Kong.

#### Equal Opportunities, Anti-discrimination, Diversity

The Group is committed to offering an ethical and fair workplace for its people. As the Group adheres to the principle of equal opportunity, it hires people based on merits and on no occasion accept or tolerate any form of discrimination in the workplace, and ensures that employee's employment, remuneration, training, promotion and dismissal does not differ because of age, gender, race, marital status, religion, disability, sexual orientation, political inclination, socioeconomic status or other factors.

With periodic assessments of employee performance, the employees are evaluated on contribution, skills, learning and development and work attitude to reflect the performance of the employees. The results of the appraisal form the basis for salary adjustment and promotion and the basis for improving human resource management.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Employment (Continued)

#### Equal Opportunities, Anti-discrimination, Diversity (Continued)

To promote equality and anti-discrimination, standard interview and evaluation criteria are established, also promotion and salary increment are benchmarked against individuals' performance. The Group may also recruit disabled people with working ability based on its need, and make appropriate arrangements in terms of job allocation. To promote inclusion, the Group creates an inclusive workplace where everyone is valued and heard. The Group fosters a culture of openness, embracing diverse viewpoints and ideas, promoting creativity, and strengthening unity among employees and stakeholders.

During the Year, the Group did not receive any complaints from employees regarding labour practices, discrimination and harassment.

#### Recruitment and Compensation

The Group abides by the Labour Law of the PRC and the Labour Contract Law of the PRC as well as other relevant regulations and takes into account practical circumstances, to serve as a framework for setting staff remuneration and benefits.

Recruitment is conducted mainly through job postings. Recruitments of employees at all levels of the Group are conducted in a fair and transparent manner that candidates are hired according to the needs of the position and solely based on their educational qualifications, abilities, attitude, knowledge, experience, integrity, physical fitness, and performance.

Meanwhile, every employee is provided with an equal opportunity in recruitment, transfer, promotion, performance appraisal, training, benefits as well as compensation. Candidates are vetted by the Human Resources Department and reviewed by the heads of the hiring department. All recruitments are submitted to the general manager for approval to ensure the decisions are fair and reasonable.

The employee handbook, containing information including working hours, leave entitlement and reward and compensation system, are communicated to employees through its circulation upon commencement of employment and at any time during the employment period when there are updates.

The Group has entered individual employment contracts with the employees that comply with the Employment Ordinance of Hong Kong and other applicable laws.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Employment (Continued)

#### Promotion

Employees with outstanding performance are offered promotion opportunities. The Group gives priority to internal promotion and encourages employees to compete for internal job vacancies. With effective two-way communication channel, the Group discusses with employees on their performances to better understand their expectations. Employees who meet the requirements may also make an application. The Group endeavours to ensure that all candidates and current employees are not subject to any form of discrimination, and each employee can be treated fairly.

The Group endeavours to ensure that all candidates and current employees are not subject to any form of discrimination, and each employee can be treated fairly.

#### Termination of Employment

Either employees or the Group can propose to terminate the labour contract in accordance with the provisions of the labour contract and the specific notice period.

The Human Resources Department conducts voluntary exit interviews with resigning employees to understand their reasons for resigning, so the Group's talent management system can be optimised.

#### Review of Employment Practices

The employment practices are regularly reviewed and monitored by the Administrative Department to ensure that the latest industry's standards and applicable laws and regulations are followed.

#### Staff Benefits

The Group offers competitive remuneration packages with a variety of benefits to its employees for attraction and retention. The remuneration package includes basic salary, discretionary bonus, statutory annual and sick leaves, allowances and other welfare and interests.

Employees working in the PRC enjoy welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Labour Law of the PRC and the Social Insurance Law of the PRC.

All the full-time employees working in the Hong Kong office enjoy including but not limited to medical insurance, disability and invalidity coverage, maternity leave, Mandatory Provident Fund Scheme, long service payments and various paid leaves.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Employment (Continued)

#### Staff Benefits (Continued)

The Group determines and adjusts the remuneration and welfare of the employees upon regular performance appraisals which are based on job nature, qualifications and responsibilities of staff, work performance and market conditions.

The Group's standard wage for employees is not lower than the level set by the national and local minimum wage standards, and wages are adjusted according to the corporate economic and personal performance.

Employees who have worked continuously for more than one year are entitled to paid annual leave. Apart from the statutory holidays and paid annual leave, all the staff are also entitled to various paid leaves such as marriage leave, maternity leave, compassionate leave and jury duty leave.

Overtime work is not encouraged though overtime pays will be granted to employees.

#### Health and Safety

The production personnel face certain health and safety risks when they are working on the production lines. The Group is responsible for the work safety of its staff members. The Group aims to provide a healthy and safe working environment to the employees and protects employees from potential occupational hazards and health and safety risks, in order to achieve zero tolerance of accidents and injuries. The Group's management team would try their best endeavour to create a safe workplace for all employees.

The Group strictly abides by all laws and regulations that are of significance to the Group, related to workplace safety, and that help employees guard against occupational hazards.

During the Year, the Group was not aware of any non-compliance with the health and safety-related laws and regulations that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to, the Law of the PRC on the Prevention and Control of Occupational Diseases, the Work Safety Law of the PRC, the Fire Protection Law of the PRC, the Occupational Safety and Health Ordinance of Hong Kong and Employees' Compensation Ordinance of Hong Kong.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Health and Safety (Continued)

#### Safety Risks and Their Related Measures

The identified safety risks and their related measures of the manufacturing operation are summarised below:

##### Fire

- Attach safety signs in conspicuous zones;
- Conduct regular inspections of firefighting equipment;
- Establish emergency plans, report on networks and evacuation routes; and
- Conduct fire drills and training regularly.

##### Electric Shock

- Ensure all machine operations are licensed and qualified;
- Provide personal protective equipment; and
- Ensure all machines are under regular inspections and maintenance.

##### Equipment Malfunction

- Install shielding layers for machines that pose great safety risks;
- Conduct regular inspections for equipment abrasion and damage; and
- Conduct training about operational safety regularly.

##### Noise

- Impose sound cap in the workplace (<85dB);
- Let workers work in shifts;
- Provide protective equipment, such as earplugs, masks and protective glasses; and
- Carry out regular occupational health checks.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Health and Safety (Continued)

#### Safety Risks and Their Related Measures (Continued)

##### Workplace

- Maintain air ventilation system in the workplace regularly;
- Arrange dust prevention measures to protect the well-being of the workers;
- Prohibit smoking, abuse of alcohol and drugs in the workplace;
- Provide clean and tidy rest area such as corridors and pantry;
- Provide adjustable chairs and monitors for eye protection;
- Set up posters or warning labels for areas subject to potential hazards in the production site;
- Ensure lighting lamps are installed above aisles;
- Ensure the stacking is kept at a distance of more than 50 cm from the lighting lamp; and
- Provide first aid kits and fire extinguishers in the workplace in response to emergencies.

All of the work injury cases are required to be reported to the Administrative Department, by which a comprehensive accident investigation will be carried out in order to find out the root cause(s) of the accident, and rectify the existing safety conditions, management approaches and safety practices.

Apart from eliminating similar accidents, the Group enables its employees to receive appropriate medical treatment and proper compensation under the social insurance after accidents.

#### Safety Inspection and Factory Audit

The Production Department is responsible for ensuring compliance with local laws and regulations, and for conducting regular safety inspections at the Group's production site.

During the Year, the Group had worked closely with the customers to conduct safety inspections and factory audits. The Group was in compliance with relevant laws and regulations in the PRC and Hong Kong to provide and maintain a safe working environment and protect employees from occupational hazards.

#### Safety Equipment

There is sufficient safety equipment on every floor of the workplace for use when necessary, such as emergency response instructions, a gas detection fire alarm, fire extinguishers, and an eye washing station.

The Group conducts regular inspections to ensure all safety equipment meets the local fire department's requirements and to avoid malfunctioning and obsolescence.

In order to resolve the identified potential safety risks, including air and noise pollution, chemical hazard and machinery accident, workers who are exposed to such risks are provided with protective equipment and the machines that pose safety risks have been installed with safety protection measures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Health and Safety (Continued)

#### Safety Training and Guidelines

The Group has established various policies and manuals on occupational safety in the workplace, including fire safety, office safety, warehouse safety, canteen safety and hygiene, etc., to provide sufficient health and safety guidance on essential procedures of production and other daily operations. The management team is responsible for monitoring and reviewing the policies related to health, safety and security regularly.

To ensure all employees understand the safety requirement, all new employees are required to attend induction programs and safety training programs in relation to health and safety matters, and internal safety tests must be passed before jobs were assigned in the production.

The Group conducts regular training in relation to the use of personal protective equipment, inherent risks in the workplace, emergency procedures and chemical handling, to raise employees' awareness on workplace safety. In addition, the Group provides emergency training exercises and drills regularly to enhance employees' safety awareness and incident handling capabilities and communicates important safety issues to employees through bulletin boards.

#### Workplace Accidents

During the Year, there was 1 reported cases of minor work-related injury (2024: 0) and 7 days lost in total due to the work injury (2024: 0 days). Despite these occurrences, the Group remains committed to prioritising the safety and well-being of its employees through the implementation of relevant preventive measures to minimise work-related injuries, while in the past three years, including the Year, the Group had zero work-related fatalities (rate of work-related fatalities: 0%).

#### Improvements for the Work-related Injury

The Group holds regular work-related injury meetings to follow up on any improvements for the work-related injury of previous periods and review the incidents for the current period. Furthermore, relevant rectification and improvement will be made with a view to reducing reoccurrence.

#### Development and Training

The Group acknowledges the importance of vocational skills training of its employees and adopts relevant policy, providing various training opportunities according to the needs of the Group and its employees to enhance their competitiveness in the market.

The Group in addition believes it is of predominant importance for employees to maintain and advance their skills and knowledge, to adapt to the industry's current regulations and practices, business environment, and the Group's business direction and strategy in order to enhance the work efficiency.

The Group offers internal training opportunities to its staff, including but not limited to in-house training and ESG training. Performance-based appraisals were conducted regularly for employees to receive constructive feedback from their supervisors.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Development and Training (Continued)

#### In-house Training

The Group sees each position to be of unique professional and technical needs. Thus, comprehensive trainings are in place to provide support and coaching to the employees.

The Group provides in-house training for its employees, with topics ranging from work-related skills and techniques and operational procedures to workplace safety in accordance with their job duties. Product trainings will be given to salespersons when new products are launched to help them to acquire product knowledge. Each department provides training for employees based on its training needs, so that employees can further develop their talents, meet department requirements and overcome their challenges. The effectiveness of the training programs will be assessed and the work performance of trainees will be evaluated regularly for continuous improvement.

To facilitate new employees to understand the corporate background and culture, staff remuneration and benefits, code of conducts and operational practices, rules and regulations, job positions, product identification, quality policy, restriction of hazardous substances and occupational safety, all new hires are required to receive a systematic training, such as induction training. These training programs aim to assist the new hires in adapting to the Group's working environment efficiently. Mentoring and guidance in relation to the operating procedures and technical production requirements will be provided by senior staff or supervisor in each production unit.

#### Types of training included:

1) Induction training	Company profile, company policies and objectives, basic knowledge of fire protection, safety and hygiene, and knowledge of management system
2) On-board training and transfer training	Skills training, job-specific requirements and safe operating procedures
3) On-the-job training	Manufacturing procedures and operational procedures of equipment

The percentage of employees trained by gender and employee category are as follows:

Indicators <sup>1</sup>	Unit	2025	2024
<b>By gender</b>			
Percentage of female employees trained	%	60%	70%
Percentage of male employees trained	%	40%	30%
<b>By employee category</b>			
Percentage of senior management trained	%	23%	21%
Percentage of middle management trained	%	46%	31%
Percentage of general staff trained	%	31%	48%

Note:

1. The calculation method of percentage of employees trained by category: (number of employees trained in the category ÷ total number of employees trained) × 100%.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Development and Training (Continued)

#### In-house Training (Continued)

The average training hours per employee by gender and employee category are as follows:

Indicators	Unit	2025	2024
Average training hours per employee <sup>1</sup>	hours	13.1	9.4
<b>By gender<sup>2</sup></b>			
Female	hours	14.3	11.2
Male	hours	11.6	6.5
<b>By employee category<sup>2</sup></b>			
Senior management	hours	5.6	4.5
Middle management	hours	17.0	10.8
General staff	hours	12.6	10.4

Notes:

1. The calculation method of average training hours per employee: total training hours ÷ total number of employees as at the end of the year.
2. The calculation method of average training hours per employee by category: total training hours in the category ÷ total number of employees as in the category at the end of the year.

### Labour Standards

The Group prohibits any form of child labour and forced labour at its production site and requests its suppliers to adhere to the same principles.

During the Year, the Group was not aware of any non-compliance with the relevant laws and regulations relating to preventing child and forced labour. The relevant laws and regulations include, but are not limited to, the Labour Law of the PRC, the Labour Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labour of the PRC and the Employment Ordinance of Hong Kong.

#### Measures to Avoid Child and Forced Labour

All candidates qualified for employment must have reached the statutorily required age and have been in possession of valid identification documents which are examined by the Human Resources Department during the recruitment and upon employment.

The Group has set out policies and procedures to ensure adequate background check is performed on candidates. Prior to official appointment, the Human Resources Department is responsible to verify the identities of the candidates to prevent the employment of child labour.

The Group respects human rights and will not tolerate any form of forced labour. To prevent the employment of forced labour, all employees are required to enter into labour contracts on a voluntary and fair basis and are free to leave their position with proper notifications.

According to the Group's recruitment process, recruiters should strictly review the entry documents including medical examination certificates, academic certificates and identity cards. If child labour or forced labour is found to be employed as a result of a breach of the recruitment process, the Group will immediately stop the work of the child labour or forced labour and conduct an investigation.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Supply Chain Management

The Group's procurement team evaluates suppliers' reliability based on their quality, reputation, delivery punctuality, experience and scale of operation through on-site visits.

In addition, the Group also evaluated ethics and social compliance, such as evaluating the suppliers' and contractors' track records relating to legal and regulatory compliance which include safeguarding workers' health and safety and mitigating environmental impacts. Before the engagement of suppliers, a series of assessments would be carried out to examine their quality, environmental and safety performance comprehensively.

The Group has developed a supplier selection mechanism which requires potential suppliers to comply with all applicable laws and regulations. If any supplier falls short of the Group's expectations, the Group will try to channel it to correct the situation.

To identify environmental and social risks along the supply chain, the management team regularly review whether all suppliers and contractors manufacturing products for the Group comply fully with all applicable national and local laws and regulations, including, but not limited to laws and regulations relating to:

- Labour;
- Health and safety;
- Environment;
- Fair trade;
- Anti-corruption and anti-bribery;
- Modern slavery and human trafficking; and
- Manufacturing environment.

The Group conducts regular assessments for its existing suppliers through constant communications. The records of the suppliers and products will be updated according to the assessment results. If the suppliers' performance does not meet the requirement with no signs of improvement, the Group's general manager will consider terminating the cooperation.

During the Year, the number of suppliers was 303 (2024: 248) and all of them were qualified suppliers that met the standard in the Group's regular assessment. The number of major suppliers of the Group by geographical region is as follows:

Indicators	Unit	2025	2024
Number of suppliers	number	303	248
<b>By geographical region</b>			
Hong Kong	number	8	12
The PRC	number	256	215
Overseas	number	39	21

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Supply Chain Management (Continued)

#### Selection of Suppliers

The materials purchased by the Group mainly include motors, electronic materials, hardware, packaging materials, rubber and plastics.

The Group regulates the procurement process and ensures that all selected suppliers can meet its demands on materials and production.

The guidelines and procedures for engaging suppliers are as follows:

- Suppliers who have been accredited by the Quality Management System (ISO9001), the Environmental Management System (ISO14001) and with good reputation or monopoly in the industry;
- Suppliers designated by customers or suggested by Directors;
- When new suppliers are introduced, they are required to fill in a supplier information form and return it with supporting documents, such as catalogue, declaration of conformity and company profile to the business development team for assessment;
- When selecting suppliers, the Group makes assessments in terms of their background, product price, their compliance and quality of materials and services;
- Suppliers submit quality data on their products to the Group, or submit samples for testing;
- Materials procured must comply with the requirements of Hazardous Substances Free. Qualified suppliers are required to submit agreements and third-party test reports on the strict use of hazardous substances;
- The Purchasing Department should make a trial run order for the products in a small quantity; and
- Suppliers who meet the criteria of quality and safety can be included in the list of approved suppliers.

The management team regularly reviews the effectiveness of its procurement process to maintain high standards of supply chain management.

#### Green Procurement

The Group's supply chain structure consists of direct materials suppliers, foundry and subcontractor providers. In the qualification process, suppliers and subcontractors are subject to assessment, on-site audits on product quality and capabilities as well as quality consistency tests made by the Group. The Group only makes purchases or subcontracts work orders from the list of approved suppliers. Key suppliers are subject to annual review to ensure their capability to provide quality products while protecting the environment and the interests of the Group's customers.

The Group gives priority to suppliers who have established a sound environmental management system such as suppliers who have obtained the ISO 14000 certification. While the Group continuously evaluates the environmental and social performance of its suppliers, it may terminate contracts if the suppliers refuse to address situations that seriously harm the environment.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Product Responsibility

Customer satisfaction is one of the top priorities of the Group, therefore, it is important to focus on quality products and services. Understanding that customers' demand for product quality, the Group endeavours to uphold the highest requirements of quality by engaging suppliers along its production chain.

The Group sets standards for raw materials, plant, equipment, hygiene and personnel training, and gradually improves the quality management of the manufacturing process and products to meet the requirements relating to safety and quality standards. Meanwhile, the Group has formulated product inspection and certification management procedures to ensure that the products meet quality standards in the process of research and development, manufacturing and sales.

During the Year, the Group was not aware of any material non-compliance with laws and regulations that have a significant impact on the Group, concerning product health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. The relevant laws and regulations include, but are not limited to, the Product Quality Law of the PRC, the Advertising Law of the PRC, the Law of the PRC on the Protection of Consumer Rights and Interests, the Patent Law of the PRC, the Personal Data (Privacy) Ordinance of Hong Kong and the Trade Descriptions Ordinance of Hong Kong.

### Products-related Complaints

Understanding the needs and concerns of customers enables the Group to deliver high quality and safe products. The Group maintains constant communication with customers. If any complaint is received, the Group will conduct an investigation, follow up with the customer to ensure that the complaint is being handled in a timely manner. During the Year, the Group received and recorded a total of 1 product and service related complaint (2024: 1) which has been resolved by relevant departments and reviewed thoroughly. The Group has established procedures for handling customers' complaints to strive to prevent similar situations in the future.

### Intellectual Property Rights

To protect the Group's intellectual property rights, the Group is entitled to apply for patents for all the inventions, creations, technical innovations, products or formulas.

On the other hand, the Group does not infringe other companies' intellectual property rights. If any infringement is discovered, the relevant personnel would be subject to disciplinary actions.

### Quality Assurance

The Group's products are subject to tests to ensure that they pass the national safety and quality standards. In order to reduce the probability of product failure during use, the Group has established relevant standards on product defects and takes corrective and preventive measures to prevent any recurring problem.

Product defect analysis is conducted, in case of product defects, to understand causes and identify solutions to eliminate defects in the future.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Product Responsibility (Continued)

#### Quality Assurance (Continued)

The Group also regularly carries out sampling inspections for products to ensure that the products meet the requirements of safety manufacturing standards.

If certain raw materials or products do not meet the relevant requirements, the Group needs to identify problematic raw materials, auxiliary materials, parts and products, and evaluate, control and isolate them and keep relevant records.

Relevant departments of the Group also formulate corresponding solutions for the substandard products to avoid any misuse.

If there are quality issues with the products sold by the Group, the Group can use its tracking system to promptly identify the source of defects and the defective batch of products. When necessary, the products will be recalled to rectify the issues and prevent recurrence in the future.

#### Recalls

During the Year, the Group's percentage of total products sold or shipped subject to recalls for safety and health reasons was 0% (2024: 0%).

After receiving the returned goods, the Manufacturing Department sets up a team with the Quality Control Department to analyse and evaluate the returned goods, and repair the batch of products as required.

Meanwhile, the Manufacturing Department also needs to conduct reviews to prevent the occurrence of similar incidents.

#### Consumer Privacy and Data Protection

Employees are required to follow and comply with the general provision of confidential information protection stipulated in the Group's employee handbook.

Employees are prohibited from copying, transferring and disclosing the restricted information, such as clients' information and intellectual property information without prior consent from the management or customers.

Employees are restricted from disclosing sensitive information to external parties. In case of breaching confidentiality, the Group will take corrective actions promptly and the employees involved may be subject to dismissal or legal actions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Product Responsibility (Continued)

#### Consumer Privacy and Data Protection (Continued)

The Group has separated customer data from other ordinary information to protect their privacy. Meanwhile, the Group regulates that only authorised personnel can access the personal data collected from the Group's customers. Through internal training and confidential agreements with employees, the Group emphasises confidentiality obligations and the legal consequences of the breaches of relevant rules. The management team regularly reviews the effectiveness of the general provision of confidential information protection stipulated in the Group's employee handbook to meet the Group's privacy and data protection obligations.

#### Advertising and Labelling

The Group strictly complies with laws and regulations including the Advertising Law of the PRC and continues to strengthen fair marketing practices. The Group has regulated the conduct of marketing personnel in the process of advertising release, marketing and contract signing. To protect customers' interests, the Group strictly prohibits misleading product labelling and excessive commitment during sales process.

#### Anti-corruption

The Group follows the Hong Kong's Independent Commission Against Corruption Code of Conducts to avoid conflicts of interest, bribery and corruption in the workplace, and work with local authorities in the PRC to eliminate any types of bribery, corruption, fraud and misconducts that are socially unacceptable behaviour.

The Group has established the Guidelines of Anti-bribery to provide guidance on the practical implications relating to anti-bribery. Employees are strictly prohibited from offering or accepting any forms of advantages such as gifts, entertainment, rewards or commission under any circumstances from customers, suppliers or any other business partners without the permission of an Executive Director as stipulated in the Guidelines of Anti-bribery. Employees must declare if such offering and acceptance are irresistible. The Guidelines of Anti-bribery also states that no employee shall make any payment or offer of payment or advantage that they know with reasonable certainty will be given to any public servant and persons connected or associated with institutions or regulatory authorities unless prior approval has been granted by such institutions.

During the Year, the Group was not aware of any incidents of non-compliance with the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, the PRC Criminal Law, the Anti-Unfair Competition Law of the PRC and the Prevention of Bribery Ordinance of Hong Kong.

There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the Year (2024: Nil).

Employees are expected to avoid taking and offering any interests in any form, including direct or indirect involvement in or maintaining a relationship with another business entity or organisation when such involvement or relationship may affect or influence the business conduct of the Group and is in conflict with the best interests of the Group.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Social (Continued)

### Anti-corruption (Continued)

Anti-corruption and ethics training is essential for creating a healthy corporate culture. The Directors and employees of the Group have received anti-corruption training in the form of reading materials at least once. Relevant materials were distributed to the Directors and employees of the Group, ensuring that they have access to the necessary resources for understanding and implementing anti-corruption measures. The Group's employee handbook also includes guidelines for anti-bribery to enhance employees' understanding of integrity behaviours in the workplace. The Group provides the employee handbook with guidelines for anti-bribery for every new employee.

Guidelines have been established on situations and behaviours employees should be aware of. Employees who do not declare their conflict of interests promptly may be subject to dismissal or other disciplinary actions.

The Group enacts zero tolerance to any anti-competitive practices such as cartels and market power abuse in its business dealings.

### Whistleblowing Mechanism

In order to achieve and maintain the highest standards of openness, probity and accountability, the Group has established the Whistleblowing Policy, under which all units or individuals who have concerns about possible improprieties in financial reporting or internal control matters within the Company have the right to report their issues. All information concerning the informer is kept in strict confidence. The audit committee of the Company ("**Audit Committee**") is responsible for overseeing, monitoring and reviewing the operation of the Whistleblowing Policy. All employees and third parties may take steps to report any misconduct or malpractice in financial reporting or internal control matters of which they become aware. An employee or a third party who has a legitimate complaint can raise their concerns to their line manager within the department, the chairman of the Company or the chairman of the Audit Committee with regard to any suspected misconduct with full details and, where possible, supporting evidence. Once a relevant complaint is received, the chairman of the Company will evaluate every report received to decide if a full investigation is necessary and decide how the investigation should proceed. A final report, with recommendations for changes, if appropriate, will be produced to the Audit Committee. The Audit Committee will review the final report and will make recommendations to the Board. There were no complaint received during the Year.

Persons making appropriate complaints under the Whistleblowing Policy (the "**Complainant**") are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. Persons who victimise or retaliate against any Complainant will be subject to disciplinary actions.

The use and effectiveness of the Whistleblowing Policy will be monitored and reviewed regularly by the Audit Committee.

### Community Investment

The Group follows its ESG Policy to encourage employees to actively participate in volunteer activities to strengthen the relationship with local communities in an effort to build a sustainable and harmonious society.

As stated in the ESG Policy, the Group's community initiatives focus on areas including education, medical, health and elderly care. During the Year, the Group has donated HK\$1,163,323 (2024: HK\$1,525,000). These funds were contributed to multiple organisations to support public welfare initiatives spanning education, community development and disaster relief. Specific initiatives included scholarship programmes, charitable sponsorships and specialised donations for victims of the Tai Po fire in Hong Kong. The Group will remain dedicated to seeking opportunities to make a positive impact and contribute to the communities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (I)

### Mandatory Disclosure Requirements

### Sections

Governance Structure  
Reporting Principles  
Reporting Boundary

Chairman's Statement  
Reporting Principles  
Reporting Framework and Boundary

## Index Table of ESG Reporting Code of SEHK (II)

"Comply or explain" Provision		
Subject Areas, Aspects, General Disclosures and KPIs	Description	Sections/Remarks
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
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 GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Pollutant Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management – Hazardous Waste (not applicable and explained)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management – Non-hazardous Waste
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions – GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous waste are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Waste Management – Non-hazardous Waste

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (II) (Continued)

<b>“Comply or explain” Provision</b>		
<b>Subject Areas, Aspects, General Disclosures and KPIs</b>	<b>Description</b>	<b>Sections/Remarks</b>
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Efficiency
KPI A2.2	Water consumption in total and intensity.	Use of Resources – Water Consumption and Water Sourcing
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources – Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption and Water Sourcing
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Packaging Materials
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources
<b>B. Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (II) (Continued)

<b>“Comply or explain” Provision</b>		
<b>Subject Areas, Aspects, General Disclosures and KPIs</b>	<b>Description</b>	<b>Sections/Remarks</b>
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment – Employee Profile
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment – Employee Profile
<b>Aspect B2: Health and Safety</b>		
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
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety – Zero Workplace Accidents
KPI B2.2	Lost days due to work injury.	Health and Safety – Zero Workplace Accidents
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Measures to Avoid Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Measures to Avoid Child and Forced Labour

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (II) (Continued)

<b>“Comply or explain” Provision</b>		
<b>Subject Areas, Aspects, General Disclosures and KPIs</b>	<b>Description</b>	<b>Sections/Remarks</b>
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management – Selection of Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management – Green Procurement
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility – Recalls
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility – Products-related Complaints
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Assurance
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Consumer Data Protection and Privacy Policies

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (II) (Continued)

<b>“Comply or explain” Provision</b>		
<b>Subject Areas, Aspects, General Disclosures and KPIs</b>	<b>Description</b>	<b>Sections/Remarks</b>
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption – Whistleblowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III)

<b>Part D: Climate-related Disclosure Content Index</b>	
<b>ESG Aspects</b>	<b>Related Section(s)</b>
<b>Governance</b>	
(a) the governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(ies) or individual(s) and disclose information about:	Governance Structure; Climate Change
(i) how the body(ies) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	Governance Structure; Climate Change
(ii) how and how often the body(ies) or individual(s) is informed about climate related risks and opportunities;	Governance Structure; Climate Change
(iii) how the body(ies) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(ies) or individual(s) has considered trade-offs associated with those risks and opportunities;	Governance Structure; Climate Change
(iv) how the body(ies) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	Governance Structure; Climate Change
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	Governance Structure; Climate Change
(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	Governance Structure; Climate Change
(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Governance Structure; Climate Change
<b>Strategy</b>	
<b>Climate-related risks and opportunities</b>	
An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Climate Change
(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	Climate Change
(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	Climate Change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

<b>Part D: Climate-related Disclosure Content Index</b>	
<b>ESG Aspects</b>	<b>Related Section(s)</b>
(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	Climate Change
(d) explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Climate Change
<b>Business model and value chain</b>	
An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose:	
(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and	Climate Change
(b) a description of where in the issuer’s business model and value chain climate related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Climate Change
<b>Strategy and decision-making</b>	
An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	
(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:	Climate Change
(i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities;	Climate Change
(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	Climate Change
(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	Climate Change
(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	Climate Change
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Climate Change
An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Climate Change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

Part D: Climate-related Disclosure Content Index	
ESG Aspects	Related Section(s)
<b>Financial position, financial performance and cash flows</b>	
<b>Current financial effect</b>	
An issuer shall disclose qualitative and quantitative information about:	Climate Change
(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	<i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>
(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	
<b>Anticipated financial effect</b>	
The issuer shall provide qualitative and quantitative disclosures about:	Climate Change
(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	<i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>
(i) its investment and disposal plans; and	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

Part D: Climate-related Disclosure Content Index	
ESG Aspects	Related Section(s)
(ii) its planned sources of funding to implement its strategy; and	Climate Change  <i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>
(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Climate Change  <i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>
<b>Climate resilience</b>	
An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:	Climate Change
(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	Climate Change
(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	Climate Change
(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	Climate Change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

<b>Part D: Climate-related Disclosure Content Index</b>	
<b>ESG Aspects</b>	<b>Related Section(s)</b>
(b) how and when the climate-related scenario analysis was carried out, including:	
(i) information about the inputs used, including: <ul style="list-style-type: none"> <li>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;</li> <li>(2) whether the analysis included a diverse range of climate-related scenarios;</li> <li>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;</li> <li>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;</li> <li>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;</li> <li>(6) time horizons the issuer used in the analysis; and</li> <li>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</li> </ul>	Climate Change
(ii) the key assumptions the issuer made in the analysis; and	Climate Change
(iii) the reporting period in which the climate-related scenario analysis was carried out.	Climate Change
<b>Risk management</b>	
An issuer shall disclose information about:	
(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> <li>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</li> <li>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;</li> <li>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</li> <li>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;</li> <li>(v) how the issuer monitors climate-related risks; and</li> <li>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;</li> </ul>	Climate Change
(b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	Climate Change
(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Climate Change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

Part D: Climate-related Disclosure Content Index	
ESG Aspects	Related Section(s)
<b>Metrics and targets</b>	
<b>Greenhouse gas emissions</b>	
An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO <sub>2</sub> equivalent, classified as: (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Climate Change
An issuer shall:	
(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Climate Change
(b) disclose the approach it uses to measure its greenhouse gas emissions including (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	Climate Change
(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	Climate Change
(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Climate Change
<b>Climate-related transition risks</b>	
An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Climate Change  <i>Our current study covers selected assets and businesses, we will explore the feasibility of expanding the scope in the future.</i>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

Part D: Climate-related Disclosure Content Index	
ESG Aspects	Related Section(s)
<b>Climate-related physical risks</b>	
An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Climate Change  <i>Our current study covers selected assets and businesses, we will explore the feasibility of expanding the scope in the future.</i>
<b>Climate-related opportunities</b>	
An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Climate Change  <i>Our current study covers selected assets and businesses, we will explore the feasibility of expanding the scope in the future.</i>
<b>Capital deployment</b>	
An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Climate Change  <i>Considering the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful, qualitative information is provided instead of quantitative information.</i>
<b>Internal carbon prices</b>	
An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	<i>We have not applied a carbon price in decision-making.</i>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

Part D: Climate-related Disclosure Content Index	
ESG Aspects	Related Section(s)
<b>Remuneration</b>	
An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	<i>We have not incorporated climate-related consideration into remuneration policy.</i>
<b>Industry-based metrics</b>	
An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Climate Change
<b>Climate-related targets</b>	
An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	
(a) the metric used to set the target;	Climate Change
(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	Climate Change
(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	Climate Change
(d) the period over which the target applies;	Climate Change
(e) the base period from which progress is measured;	Climate Change
(f) milestones or interim targets (if any);	Climate Change
(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	Climate Change
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Climate Change
An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	Climate Change

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

## Index Table of ESG Reporting Code of SEHK (III) (Continued)

Part D: Climate-related Disclosure Content Index	
ESG Aspects	Related Section(s)
An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Climate Change
For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
(a) which greenhouse gases are covered by the target;	Climate Change
(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	Climate Change
(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	Climate Change
(d) whether the target was derived using a sectoral decarbonisation approach; and	<i>Currently, our established target is not derived using a sectoral decarbonization approach.</i>
(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	<i>Currently, we do not have the plan to implement carbon credits in our operation.</i>
Applicability of cross-industry metrics and industry-based metrics	
In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	<i>In preparing disclosures on industry-based metrics, where direct quantitative data was not reasonably available, the Group has referred to potential industry benchmarks and internal estimates, consistent with reasonable information relief provisions. The Group will enhance data collection processes to improve accuracy in future reporting periods.</i>