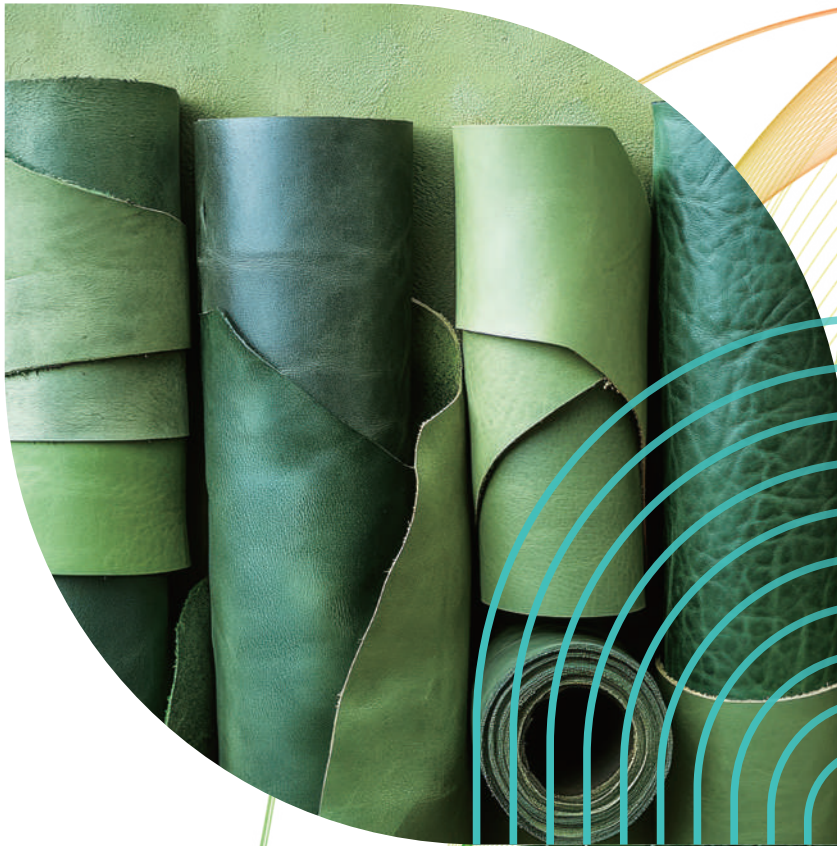


China International Development Corporation Limited
中聯發展控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0264



2025

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT**



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

China International Development Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present its Environmental, Social and Governance Report (the “**ESG Report**” or the “**Report**”) for the year ended 31 December 2025 to show the Group’s progress and development direction regarding its operation, and the performance of the Group in terms of environmental, social and governance (“**ESG**”) issues to our stakeholders.

The Group understands the importance of the ESG Report and is committed to making continuous improvements in corporate social responsibility during our course of business in order to better respond to the changing needs of the advancing society. The Report has been confirmed and approved by the board of directors (the “**Board**”) of the Company. The Report shall be published in both Chinese and English on the websites of the Stock Exchange and the Company. In the event of any conflict or inconsistency between the Chinese and the English versions, the English version shall prevail.

For information on our corporate governance, please refer to the “Corporate Governance Report” on pages 22 to 46 of the 2025 annual report which was published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at www.hkexnews.hk and the Company at www.irasia.com/listco/hk/cidc/index.htm on 30 April 2026.

REPORTING PERIOD

All information provided in the Report covers the period from 1 January 2025 to 31 December 2025 (“**Reporting Period**” or “**2025**”), which is in line with the financial year covered by the Group’s 2025 annual report.

REPORTING BOUNDARIES

The principal activities of the Group consisted of (i) manufacturing and distribution of leather products; (ii) retail of fashion apparel, footwear and leather accessories; (iii) the industrial hemp planting and production of hemp fabric products (the “**Industrial Hemp Planting Business**”); and (iv) provision of automobile services (the “**Automobile Services Business**”). However, the Industrial Hemp Planting Business has not been included in the Report as it was still in a preliminary development stage during the Reporting Period and was considered immaterial by the management of the Group. The reporting boundaries of the Report covers the environmental and social performance of the core business of the Group in Hong Kong and in the People’s Republic of China (the “**PRC**”), including (i) manufacturing and distribution of leather products; (ii) retail of fashion apparel, footwear and leather accessories; and (iii) Automobile Services Business. Unless otherwise specified, the scope of the ESG Report is consistent with that of our ESG Report published last year. The Group will continue to assess the impacts of its business on the major ESG aspects.

REPORTING GUIDELINES

The Report is prepared in accordance with the disclosure obligations under the “Environmental, Social and Governance Reporting Code” (“**ESG Reporting Code**”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The purpose is to allow all stakeholders to learn more about the Group’s progress and development direction in respect of operation and sustainable development.

A complete index is appended in the last chapter hereof for reading the Report in accordance with the ESG Reporting Code.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING PRINCIPLES

The content of the ESG Report follows the reporting principles of the ESG Reporting Code.

Materiality: Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders, the significant stakeholders, procedures, and results of the engagement of which are presented in the sections “Stakeholder Engagement” and “Materiality Assessment” in the ESG Report.

Quantitative: Environmental and social measurable key performance indicators (“KPIs”) of the ESG Report are organised and disclosed in a quantitative manner to ensure that stakeholders can have a deep understanding of the Group’s ESG performance.

Balance: The ESG Report disclosed information in an objective and impartial manner, providing stakeholders with an unbiased picture of the Group’s overall ESG performance.

Consistency: Unless otherwise stated, the disclosures, data collection and calculation methods have remained consistent with the financial year ended 31 December 2024 (“2024”). The Group believes that the consistency and coherence of reporting structure would be beneficial for meaningful comparison.

ESG GOVERNANCE STRUCTURE

The Group has developed a core governance framework to ensure the alignment of ESG governance (including the governance of climate-related risks and opportunities) with the Group’s strategic growth, while advocating ESG integration into its business operations. The Board, which possesses the appropriate skills, experience, knowledge, and perspectives required to oversee the Group’s ESG matters holds overall responsibility for the Group’s ESG strategy and reporting. The Board actively participates in the oversight of ESG issues by evaluating and determining the Group’s ESG-related risks, ensuring that appropriate and effective ESG risk management and internal control systems are in place and reviewing and approving its annual ESG Report. The Board discusses the Group’s ESG issues at least once per annum.

The audit committee (the “**Audit Committee**”) of the Board assists the Board with fulfilling its responsibility of overseeing the Group’s ESG issues and ensuring the effectiveness of the Group’s risk management and internal control system. The Audit Committee reviews the Group’s internal control and risk management systems, which include, amongst others, material risks relating to ESG. The Audit Committee monitors the Group’s ESG performance regularly, which includes the adequacy of resources, staff qualifications and experience, relevant training programmes as well as other related important matters.

The Group integrates the ESG governance into various business segments and its daily management system, monitors the potential environmental and social impacts of our business development and daily operations in a timely manner. In order to better understand the opinions and expectations of different stakeholders on the ESG issues, materiality assessment is conducted annually.

The Group will continue to improve its sustainability-related management, the Board constantly enhances the supervision over and participation of the Company’s ESG governance, sets ESG-related targets and conducts regular reviews on the progress of achieving the targets.

EXPLANATIONS ON DATA

The information disclosed within the Report is sourced from the Group’s documents and statistics. The Board of the Group is responsible for the reliability, accuracy, objectiveness and completeness of the information. Financial data in the Report are extracted from the 2025 annual report. Hong Kong dollars are used in the Report as its functional currency. The intensity disclosed for the Reporting Period was calculated by dividing the amount of the emission/waste/resources consumption by the Group’s revenue of approximately HK\$59.295 million for the year ended 31 December 2025.

OPINIONS AND FEEDBACK FROM STAKEHOLDERS

The Group attaches great importance to valuable opinions from all stakeholders. If you are in any doubt or have any opinion or recommendation about the content or form of reporting of the Report, you are welcome to contact the Group by the following means:

Address: Room 06, 15/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong
 Telephone: (852) 3565 4778
 Fax: (852) 3565 4452
 Email: 00264@chancogroup.com

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an important factor in formulating the Group’s environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. It also helps the Group to examine potential ESG risks and opportunities. The Group has identified key stakeholders and established various channels for communication. Through various communication channels, we collect stakeholders’ opinions to understand their expectations for the Company’s ESG development and ESG issues they concern, then formulate targeted measures to respond to stakeholders, as below:

Key stakeholders	Key issues of concern	Major communication channel	Communication and feedback
Shareholders and investors	<ul style="list-style-type: none"> • Profitability • Return on investment • Information disclosure transparency • Interest protection • Risk management • ESG performance 	<ul style="list-style-type: none"> • Annual general meeting and other general meetings • Corporate announcements and circulars • Investor relations columns on Company website • Communication with investors by phone/mail 	<ul style="list-style-type: none"> • Improving profitability • Convening general meetings • Regular information disclosures • Optimising risk management and internal control • Monitoring use of resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key stakeholders	Key issues of concern	Major communication channel	Communication and feedback
Government and regulatory bodies	<ul style="list-style-type: none"> • Operation in compliance with laws and regulation • Environmental management • Supporting local development and employment 	<ul style="list-style-type: none"> • On-site inspections and checks • Government meetings • Assessments • Questionnaire 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Compliance of environmental policies • Actively assume social responsibilities
Employees	<ul style="list-style-type: none"> • Employee compensation and benefits • Occupational health and safety • Career development platform • Equal opportunities 	<ul style="list-style-type: none"> • Company and departmental meetings • Training, seminars and briefing sessions • Internal emails • Annual performance appraisal • WhatsApp and WeChat group 	<ul style="list-style-type: none"> • Competitive salary and employee benefits • Providing trainings for employees and strengthen their safety awareness • Transparent promotion mechanism
Customers	<ul style="list-style-type: none"> • Product quality and service quality • Customer information security • Customer rights and interests protection 	<ul style="list-style-type: none"> • Email and customer service hotline • Feedback forms • Customers meetings 	<ul style="list-style-type: none"> • Monitoring the customers' satisfaction level • Customer privacy protection • Complaint handling mechanism
Suppliers and partners	<ul style="list-style-type: none"> • Integrity cooperation • Operational compliance • Co-growth 	<ul style="list-style-type: none"> • Business meetings, supplier conferences • Site visits • Strategic cooperation • Exchanges and interactions 	<ul style="list-style-type: none"> • Building a stable supplier chain • Promoting daily communication • Carrying out cooperation
Public and communities	<ul style="list-style-type: none"> • Community involvement • Social responsibilities • Employment promotion • Environmental protection 	<ul style="list-style-type: none"> • Charitable activities • Corporate recruitment seminars • Company website 	<ul style="list-style-type: none"> • Using environmental protections and energy saving equipment • Providing employment opportunities • Community investment

MATERIALITY ASSESSMENT

During the Reporting Period, the Group conducted a comprehensive materiality assessment in accordance with the expectation and feedback from the key stakeholders to identify material issues and reflect the environmental, social and operational issues which have the most significant impacts on the Company’s business and the relevant issues which are of concern to the stakeholders.

The materiality matrix after external and internal assessment is summarised as follows:



Area	Item	Topic
Environmental	A1	Emissions
	A2	Use of Resources
	A3	The Environment and Natural Resources
	D	Climate Change
Labour	B1	Employment
	B2	Health and Safety
	B3	Development and Training
	B4	Labour Standards
Operating Practices	B5	Supply Chain Management
	B6	Product Responsibility
Governance	B7	Anti-corruption
Community	B8	Community Investment

A. ENVIRONMENTAL

As we become increasingly connected with our environment, the Group recognises our desire for clean environment and our responsibility as a corporate citizen. To demonstrate the Group's commitment to sustainable development and compliance with laws and regulations relating to environmental protection, we are constantly striving to innovate, to minimise its environmental impact from daily operation, to develop a long-term mechanism and relevant policies of environmental protection and to promote energy saving to build a resource-saving and environment-friendly enterprise.

During the Reporting Period, there was no incident of non-compliance with relevant environmental laws and regulations relating to air and greenhouse gas, emissions, discharge into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group. The Group also confirmed that during the Reporting Period, our business operation had not encountered any punishment by respective governmental authorities due to violation of the above laws and regulations.

Apart from complying with the national laws and regulations, the Group has formulated internal environmental management guidelines and implemented carbon reduction measures to reduce energy and resource consumption such as electricity, fuel and water in its business operation. Firstly, in terms of reducing air and greenhouse gas emissions, noise pollution, and generation of hazardous and non-hazardous waste, the Group has implemented some practices and measures in order to minimize pollution derived from its daily business operation. The Chinese government has initiated a strategic plan to achieve peak emissions in 2030 and a target of carbon neutrality in 2060. The Group, as a socially responsible corporation, has hence been vigorously promoting a culture of environmental protection, and will ultimately plan to achieve ESG targets which are largely aligned with this overall national strategy.

A1: EMISSIONS

Exhaust Emission

The Group strictly complies with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Air Pollution Control Ordinance (《空氣污染管制條例》), Waste Disposal Ordinance (《廢物處置條例》), the Law of the People's Republic of China on Environmental Noise Pollution Prevention (《中華人民共和國環境噪聲污染防治法》), the Law of the People's Republic of China on Appraising of Environment Impacts (《中華人民共和國環境影響評價法》), Regulations on the Administration of Construction Project Environmental Protection (《建設項目環境保護管理條例》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》), Decision of the State Council on Several Issues Concerning Environmental Protection (《國務院關於環境保護若干問題的決定》) and other applicable environmental laws and regulations, as the Group contains the intensity and total volume of its exhaust gas and greenhouse gas emissions from daily operations within the maximum limit allowed by the state.

The exhaust emission of the Group mainly includes nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”) and particulate matter (“PM”), which have adverse effects on climate, ecosystems, air quality, habitats, agriculture, and human and animal health. The exhaust emission of the Group derives from the fuels used by vehicles. During the Reporting Period, the Group consumed an aggregate of approximately 3,105 litres of petrol for vehicles with the driving mileage of approximately 28,526 kilometres in total. Compared with the result in 2024, there were increases in the Reporting Period. Relevant departments have been taking measures to maintain vehicles in good conditions in order to minimise air emission.

To reduce unnecessary exhaust emissions, we encourage employees to take public transport as much as possible when visiting customers and only use Group’s vehicles in special cases. Meanwhile, the Group encourages employees to take electric public transport whenever possible for external meetings or activities and reduce the use of private cars. For nearby activities, the Group encourages employees to walk instead of riding a vehicle.

The Group also strictly complies with relevant national laws and regulations, the Group has adopted water spray, ultraviolet photolysis and activated carbon absorption equipment to effectively absorb and collect benzene and other exhaust gas produced by organic solvents. Consequently, the amount of benzene, methylbenzene and dimethyl benzene and total Volatile Organic Compounds volume emitted by the Group during the Reporting Period was within the air pollutant limits allowed by the government of Guangdong Province.

During the Reporting Period, exhaust emissions were as follows:

KPI A1.1: Exhaust Emission	
Type of Exhaust	Amount of Emissions (kg)
NO _x	17.44
SO _x	0.05
PM	1.66

Greenhouse Gas (“GHG”) Emissions

During the Reporting Period, the Group’s GHG Emission mainly discharged from its self-owned vehicles and indirect energy consumed by the Group for its daily operations, including electricity and other indirect energy. We encourage our staff to choose transport that produce less carbon emissions and encourage them to conduct conference calls or video conferences instead of face-to-face meetings, as well as developing energy saving policies (as mentioned in the section “Use of Resources”) to reduce the GHG emission by reducing energy consumption in the business operation. Further, drivers are encouraged and required to maintain good driving habits, so as to reduce fuel loss, thereby lowering air emissions. Drivers are also required to ensure all vehicles are in good conditions in order to improve energy efficiency and reduce fuel consumption.

The Report focuses on emissions of equivalent GHG emission and includes Scope 1, which are direct emissions from the mobile combustion owned by the Group; Scope 2, which are indirect emissions generated by consumption of purchased electricity by the Group; and Scope 3, which are indirect emissions generated by disposal of office paper waste.

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During the Reporting Period, GHG emissions were as follows:

ESG Reporting Code Part D Paragraph 28		
Type of Emission	Amount (Tonnes of carbon dioxide equivalent) (Note 1)	Intensity (Tonnes/ Revenue of HK\$ million)
Scope 1 – direct emissions	8.31	0.14
Scope 2 – energy indirect emissions	119.46	2.01
Scope 3 – indirect emissions	0.61	0.01
Total	128.38	2.17

Note 1: GHG emissions data is calculated based on, 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, “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the IPCC Sixth Assessment Report, “Announcement on the Release of 2023 Electricity Carbon Dioxide Factor Data” issued by the Ministry of Ecology and Environment of China, and the “Sustainability Report 2025-ESG Databook” published by CLP.

Waste Management

Wastes from the Group’s leather products manufacturing operation mainly include waste paint residue, waste wipes and gloves, waste can and other industrial waste. The Group strictly follows relevant environmental laws and regulations and submits relevant information to the Solid Waste Management Information Platform (《廣東省固體廢物管理信息平台》) pursuant to statutory requirements.

Industrial wastes produced from the Group’s manufacturing processes were disposed of by professional institutions which hold the Permit for Operation of Dangerous Wastes (《危險廢物經營許可證》) issued by the local environmental authorities and the relevant qualifications. These institutions have the required qualifications to collect, store, handle and dispose of wastes. Their vehicles for transferring industrial waste, and the weight and packaging of industrial waste are also under stringent control.

The Group emphasises the effective use of water and has adopted several prevention measures: oily sewage produced by the kitchen of the Group is treated through the sedimentation basin with grease and residue trap. Fecal wastewater is treated by three graded septic tanks. Paint residue at water curtain booth is cleaned and undergoes sedimentation regularly. The Group strictly complies with national requirements on discharge of industrial wastewater as it centralises its industrial painting wastewater generated from production process to professional institution for treatment, and declare its sewage discharge. The third-party institution responsible for the treatment of the Group’s industrial wastewater holds the Permit for Pollutant Discharge issued by the Ministry of Environmental Protection, and keeps detailed record of transport weight, routes and dates of each treatment of industrial wastewater, in order to prevent secondary pollution during the transferring and treatment of industrial wastewater.

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During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection, the wastes generated by the Group are as follows:

Type of Wastes Generation	KPI A1.3 and A1.4: Wastes	
	Amount (Tonnes)	Intensity (Tonnes/Revenue of HK\$ million)
Hazardous waste	1.51	0.03
Non-hazardous waste	28.60	0.48

The below tables summarise the Group's exhaust emissions, GHG emissions and wastes during the Reporting Period and corresponding period last year.

Environment Indicators	Unit	2025	2024
Exhaust Emission			
NO _x	Kg	17.44	14.60
SO _x	Kg	0.05	0.03
PM	Kg	1.66	1.40
GHG Emission			
Scope 1 – direct emissions	Tonnes of carbon dioxide equivalent	8.31	4.98
Scope 2 – energy indirect emissions	Tonnes of carbon dioxide equivalent	119.46	187.31
Scope 3 – indirect emissions	Tonnes of carbon dioxide equivalent	0.61	–
Total GHG emission	Tonnes of carbon dioxide equivalent	128.38	192.29
Intensity	Tonnes of carbon dioxide equivalent/Revenue of HK\$ million	2.17	8.76
Wastes			
Hazardous waste	Tonnes	1.51	0.68
Hazardous waste intensity	Tonnes/Revenue of HK\$ million	0.03	0.03
Non-hazardous waste	Tonnes	28.60	13.50
Non-hazardous waste intensity	Tonnes/Revenue of HK\$ million	0.48	0.62

A2: USE OF RESOURCES

The Group places high priority on the efficient use of resources. During the Reporting Period, the primary resources consumed by the Group were electricity, water, and packaging materials. To effectively manage its resources consumption, the Group keeps improving its performance in resource use efficiency by setting up and monitoring appropriate KPIs in regulating the procurement practices and consumption of resources and implementing effective recycling program. During the Reporting Period, the Group has complied with relevant laws and regulations in relation to the use of energy.

Electricity

The Group acknowledges the importance of electricity and energy saving and the fact that reducing electricity consumption will indirectly reduce GHG emissions. Therefore, the Group encourages various energy saving measures, including:

- switching off lights, computers, fans and other electronic appliances when they are not in use;
- set computers to automatic idle mode;
- replacing lighting tools of low energy-efficiency with LED and energy-saving lights;
- posting electricity saving slogan on the working areas; and
- maintain indoor temperature at an energy-efficient level 24–26 degree Celsius.

Energy consumption by the Group during the Reporting Period is set out below:

KPI A2.1: Energy Consumption		
Type of energy	Energy consumed (kWh)	Intensity (kWh/Revenue of HK\$ million)
Petrol (Direct energy)	30,091.67	507.49
Electricity purchased (Indirect energy)	239,558.80	4,040.12
Total energy consumption	269,650.47	4,547.61

Water

Water is essential to our business and we have approached water management accordingly. Across our system, we are reducing the amount of water we use during the production processes. We post water saving tips in the restroom and pantry to remind staff of their water use behaviours. During the Reporting Period, the Group did not encounter any problems in sourcing water that is fit for purpose.

During the Reporting Period, the water consumption of the Group is as follows:

KPI A2.2: Water Consumption		
	Water consumed (m ³)	Intensity (m ³ /Revenue of HK\$ million)
Water	8,679.00	146.37

Paper and Packaging Material

Reduction in paper use indirectly reduces the overall GHG emission. The Group has been taking the following steps to reduce paper consumption:

- advocate the use of email to reduce the use of paper;
- use multiple office software for online work to reduce the paper usage and delivery;
- reduce the use of paper by printing or photocopying on both sides of paper, where applicable; and
- encourage employees to use suitable font size/shrinkage mode to minimise pages, if possible. Besides, electronic media is recommended for circulation/communication, to minimise using paper.

The Group is very aware and concerned about the potential adverse environmental impacts brought by the packaging materials consumed. Therefore, the Group spares an effort to reuse and recycle the packaging materials by themselves as much as possible in order to minimize the potential environmental impacts brought by the disposal of packaging materials. The main packaging material used were paper boxes and plastic packaging. During the Reporting Period, the Group consumed approximately 21,959 square feet paper boxes and approximately 0.91 tonnes plastic packaging. The Group will keep recording its resource consumption for reviewing effectiveness of its conservation measures in the future and formulating more specific improvement measures and objectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The below tables are summarised the Group's use of resources during the Reporting Period and corresponding period last year.

Environment Indicators	Unit	2025 (Note 2)	2024
Energy Consumption			
Petrol (Direct energy)	kWh	30,092	18,025
Electricity (Indirect energy)	kWh	239,559	311,985
Total energy consumption	kWh	269,651	330,010
Intensity	kWh/Revenue of HK\$ million	4,547.62	15,027.09
Water Consumption			
Water	m ³	8,679	14,314
Intensity	m ³ /Revenue of HK\$ million	146.37	651.79
Packaging Material			
Paper boxes	square feet	21,959	7,857
Plastic packaging	tonnes	0.91	1.69

Note 2: Totals may not be the exact sum of numbers shown here due to rounding.

A3: THE ENVIRONMENT AND NATURAL RESOURCES

Recognising that environmental protection is an important obligation of global enterprises, the Group strictly abides by applicable environmental laws and regulations and national standards, and tries to minimise the impact on the environment and natural resources. The Group has integrated environmental sustainability into our business functions and decision-making. The Group also formulated and implemented internal policies and practices to increase operational efficiency and reduce resource consumption. The Group regularly assesses its environmental risks incurred from operations, review its environmental practices and adopt necessary preventive or improvement measures. The Group communicates with its suppliers and business partners to better understand their environmental policies and procures and purchase more environmental equipment. To foster environmental protection awareness among all employees, the Group has arranged various training. Meanwhile, the Group also conveys our performance in environmental protection to staff through different communication channels.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, we have launched proactive initiatives to achieve a minimal environmental footprint during business operations. We promote the use of teleconference and internet-meeting to avoid unnecessary travel. The Group also conducts regular assessments of air and GHG emissions, as well as the management of non-hazardous waste to ensure the emissions comply with local requirements. To achieve the target of the environmental targets, relevant departments are required to collect and analyse relevant data, and then develop specific measures to reduce emissions. The Group has set the following measurable environmental objectives:

Areas	Targets
Exhaust Emission	Taking FY2024 as the baseline year, the Group targets to maintain the exhaust emissions in FY2025 within the same scope at the same level.
GHG Emissions	Taking FY2024 as the baseline year, the Group targets to maintain the GHG emissions in FY2025 within the same scope at the same level.
Waste	Taking FY2024 as the baseline year, the Group targets to maintain the waste emissions in FY2025 within the same scope at the same level.
Electricity	Taking FY2024 as the baseline year, the Group targets to maintain the electricity consumption in FY2025 within the same scope at the same level.
Water	Taking FY2024 as the baseline year, the Group targets to maintain the water consumption in FY2025 within the same scope at the same level.
Packaging Material	Taking FY2024 as the baseline year, the Group targets to maintain the paper and packaging material consumption in FY2025 within the same scope at the same level.

The Group is continuously committed to environmental protection, thereby realising the sustainable development of the Group and contributing to the environmental protection work of the community by leveraging on the policies mentioned in the sections headed “Emissions” and “Use of Resources” above.

As the Group continues to enhance its data collection and calculation processes, certain environmental KPIs fluctuated during the Reporting Period compared to FY2024. To address this, the Group plans to conduct a thorough review of its environmental performance data in the next reporting period and aims to establish updated and more meaningful targets once a stable and reliable baseline is determined.

D: CLIMATE CHANGE

Climate change has been a worldwide growing issue in recent years. The Chinese government has committed to achieving peak carbon dioxide emissions by 2030 and carbon neutrality by 2060. In November 2024, the 29th United Nations Climate Change Conference (COP29) was held in Baku, Azerbaijan, achieving significant progress in the implementation of Article 6 of the Paris Agreement, which established a framework for countries to voluntarily cooperate through market and non-market approaches to achieve their Nationally Determined Contributions (NDCs). This demonstrates the enormous potential of international cooperation in addressing the climate crisis.

The Group closely monitors the risks and opportunities that climate change brings to its business and has included climate-related risks in the risk management framework of the Company to adapt to or mitigate the impacts of climate change on its business. Although the Group anticipates that climate change may not have direct significant impacts on its business operation in the short term, it remains fully aware of the potential consequences and is committed to managing climate-related risks which may impact the Group's business activities.

Phased Implementation Approach for Climate-related Disclosures

In accordance with Part D of the ESG Reporting Code as set out in Appendix C2 of the Listing Rules, the Group has adopted a phased implementation approach for climate-related disclosures during the Reporting Period. While the Group provides transparent disclosures on governance and risk management, it has applied certain implementation reliefs permitted by the Stock Exchange to ensure that the information ultimately disclosed is accurate and meaningful.

Application of Reliefs

The Group has applied the following reliefs as permitted by the Stock Exchange:

- **Financial impact relief:** The Group provides qualitative assessments of climate impacts and currently omits quantified financial data, as the Group's internal accounting and data collection framework is not yet capable of isolating climate-specific financial expenditures with sufficient precision for external reporting.
- **Capability relief:** The Group assesses climate resilience through qualitative scenario analysis rather than complex financial modelling, which is more aligned with the Group's current resource allocation and capabilities.
- **Reasonable information relief:** Certain parts of value chain data (such as specific categories of Scope 3 greenhouse gas emissions), as well as the amount and percentage of assets or business activities vulnerable to climate-related transition risks, physical risks, and those aligned with climate-related opportunities, are not disclosed this year, as such data cannot currently be obtained without undue cost or effort.

Reasons for Phased Disclosure

The Group's current reporting systems are primarily focused on operational performance. At this stage, the internal data collection framework has not been developed to a level that can sufficiently separate climate-related specific financial expenditures for external assurance purposes. Additionally, the Group is currently focused on ensuring the accuracy of Scope 1 and Scope 2 emissions data before expanding the reporting boundary to cover more complex Scope 3 categories or quantified financial projections.

Future Roadmap

The Group is committed to continuously improving its ESG reporting standards. The pathway to more granular disclosure includes the following steps:

Phase 1 (Short-term): Continue to monitor the development of industry-specific carbon accounting standards and review internal data collection processes to identify potential gaps.

Phase 2 (Medium-term): Assess the feasibility of integrating climate-related information into financial tracking systems and explore methods for engaging with key suppliers on their carbon footprints.

Ongoing: Regularly assess technical capabilities and resource requirements to determine the most appropriate timing for transitioning to quantified financial disclosures, thereby providing reliable information to stakeholders.

Governance

The Group has established an ESG governance structure comprising the Board and the Audit Committee. The Board assumes overall responsibility for overseeing the Group's ESG and climate-related strategy, risks and opportunities. The Board is responsible for reviewing and approving climate-related policies and targets, and ensuring that appropriate skills, resources and mechanisms are in place to manage climate-related matters.

Climate change governance has been incorporated into the Group's overall ESG governance framework, and dedicated climate-related policies have been formulated to guide the Group's approach. The Audit Committee, comprising members from key functional areas, assists the Board in fulfilling its oversight responsibilities, including reviewing climate-related risks as part of the Group's internal control and risk management systems, coordinating climate-related initiatives across the Group, and reporting progress to the Board on a regular basis.

As part of the enterprise risk management process, the Group conducts an annual review to identify and assess climate-related risks. The assessment considers the nature, likelihood and potential impact of such risks on the Group's operations and strategy. The results are reported to the Board annually to facilitate informed decision-making and continuous refinement of the Group's climate response measures. Through this structured governance approach, the Group ensures that climate-related considerations are systematically incorporated into its management processes and long-term planning.

Strategy

The Group, in response to national policies and broader sustainability trends within the industry, is fully aware that climate change poses potential risks and opportunities to its operations. The Group has closely monitored the risk dynamics in its operations and, in combination with the national macro environment, industry development trends and corporate strategic planning, has systematically identified climate change-related risks and potential opportunities during the Reporting Period to strengthen its resilience in responding to the challenges posed by climate change.

In order to more accurately identify and analyse the potential physical risks and transition risks that the Group may face, the Group has referred to the Shared Socioeconomic Pathways (SSP1-1.9 and SSP5-8.5) of the Intergovernmental Panel on Climate Change (IPCC). Through climate scenario analysis at different levels of global average temperature increase, the Group is able to identify potential risks, assess the degree of impact of various climate change risks on its business, strategy and finances, and formulate corresponding policies and strategies to further enhance its resilience in the face of climate change.

The following table summarises the climate scenarios adopted by the Group:

Climate Scenario	Low Risk Scenario	High Risk Scenario
	SSP 1-1.9	SSP 5-8.5
Scenario Description	Global rapid phase-out of fossil fuels. Global net-zero CO ₂ emissions achieved around 2050. Renewable energy becomes mainstream with widespread electrification. Extensive global cooperation mechanism established with strict and effective climate policies.	Reliance on abundant fossil fuel resources. Active promotion of technological innovation but primarily focused on energy extraction and consumption efficiency rather than low-carbon alternatives. Lack of effective global carbon pricing or stringent international climate agreements.
Estimated Temperature Rise	Temperature rise below 2°C by 2100	Temperature rise of 4.4°C by 2100

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The following tables summarise the major climate change-related risks and opportunities identified by the Group, their potential impacts, the timeframes over which they may affect the Group's operations, and the Group's corresponding response measures:

Risk Type	Risk Factor	Timeframe (Note 3)	Risk Description	Response Measures
Physical Risk	Floods, typhoons and storms	Short to medium-term	Damage to the Group's manufacturing facilities, retail shops and inventory; disruption to employee commuting and supply chain; potential business interruption; increased health and safety risks for employees.	The Group does not rely on any single supplier for its core products. Alternative suppliers are available if needed. The Group has prepared flood and typhoon prevention supplies based on the terrain and equipment requirements of its operating locations. Regular inspections are conducted to ensure the structural integrity of doors, windows and facilities. Crisis response plans have been formulated to minimise business disruption.
Physical Risk	Extreme heat	Medium to long-term	Increased cooling costs at manufacturing facilities and offices; potential impact on employee health and work productivity; rising temperatures may affect certain raw material supplies.	Selection of energy-efficient cooling equipment; maintaining appropriate indoor air-conditioning temperatures; diversifying supplier sources.
Physical Risk	Water stress	Medium to long-term	Impact on water supply for manufacturing processes; potential increase in water costs leading to higher supply chain costs or operational disruption.	Application of water conservation measures and equipment to reduce water consumption, thereby managing water expenditure and reducing the impact of water scarcity on operations.
Transition Risk	Tightening policies and regulations	Short to medium-term	The Group may need to comply with more stringent environmental compliance standards. Failure to adjust strategy in a timely manner may result in additional costs, litigation or penalties.	The Group closely monitors existing and emerging policies and regulatory changes to ensure compliance and minimise potential costs. Climate risk factors have been incorporated into the Group's management strategy.
Transition Risk	Rising technology and energy costs	Medium to long-term	Increased supply chain and operational costs. Failure to adopt low-carbon, energy-saving and digital technologies in a timely manner may lead to cost escalation.	Active adoption of energy-efficient and low-carbon equipment. Gradual phase-out of high-emission equipment. Continuous review of technological developments relevant to the Group's operations.

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Opportunity Type	Timeframe	Description	Response Measures
Policy and market opportunities	Medium to long-term	As market demand for environmentally friendly products continues to grow, an increasing number of brand customers and consumers are willing to prioritise more sustainable products and services. This presents a clear market opportunity for the Group.	The Group will actively capture this trend by gradually optimising its product and service offerings, pursuing relevant environmental certifications where appropriate, and expanding its customer base through the enhanced environmental attributes of its products and services.

Note 3: Timeframes refer to the periods over which climate-related risks may have an impact on the Group's operations. Short-term is defined as 1 to 3 years, medium-term is defined as 3 to 5 years, and long-term is defined as 5 to 10 years.

Financial Impact

While climate-related factors are monitored through the Group's risk management procedures, no material financial effects on the Group's financial position, operating performance or cash flows arose during the Reporting Period as a result of such factors. The Group has determined that there is no significant risk of a material adjustment to the carrying amounts of its assets and liabilities within the next annual reporting period attributable to climate-related matters.

On a prospective basis, the Group does not currently expect climate-related factors to have a significant bearing on its financial position in the near term. The Group will nonetheless continue to monitor developments in environmental regulations to ensure that any emerging financial implications are identified and addressed in a timely manner.

Risk Management

The Group has incorporated climate risk and opportunity considerations into its daily operations and enterprise risk management system. Management is responsible for addressing risks and opportunities related to sustainability, including those related to climate change. The Group has proactively deployed response measures at key climate-related junctures, and these risks will continue to be monitored to ensure they are integrated into the Group's development, business decisions and approval processes, so as to effectively manage climate risks and opportunities and enhance the Group's ability to develop steadily in a complex environment.

Use of Scenario Analysis

As disclosed in the Strategy section above, the Group conducted a climate scenario analysis during the Reporting Period, utilising IPCC scenarios (SSP1-1.9 and SSP5-8.5) to better understand potential physical risks and transition risks. The results of the scenario analysis inform the identification of climate-related risks and have been integrated into the Group's risk assessment process.

Priority of Risks

Climate-related risks are prioritised alongside other enterprise risks based on their assessed likelihood and potential impact. Compared with other risk categories such as operational, financial and regulatory risks, climate-related risks are currently considered to be of relatively lower priority as their assessed potential impact is currently deemed to be insignificant. However, such risks remain subject to ongoing monitoring.

Changes from Prior Reporting Periods

The Group conducted a climate scenario analysis for the first time during the Reporting Period. There were no other significant changes to the risk management process compared with the prior reporting period.

Identification of Climate-related Opportunities

The process for identifying climate-related opportunities has been integrated into the Group's strategic planning and market monitoring activities. Management monitors market trends, including changes in consumer preferences and policy incentives. Opportunities are evaluated based on their potential to enhance the Group's market positioning, operational efficiency and long-term resilience. As with risk identification, the results of the scenario analysis also inform the identification of opportunities, particularly those arising from the transition to a lower-carbon economy.

The Group will continuously incorporate sustainable practices in its business operations and modify the response plan when necessary. During the Reporting Period, there was no climate-related risk, including physical risks and transition risks, that had a significant impact on the Group.

Metrics and Targets

The Group has measured and reported its Scope 1 and Scope 2 greenhouse gas (“GHG”) emissions based on metered and purchased consumption data. At present, the Group's Scope 3 emissions disclosure covers paper waste disposal (Category 5 – Waste Generated in Operations), for which reliable primary data has been obtained.

Given the Group's reliance on raw material suppliers, logistics providers, contract manufacturers and various other value chain participants, Scope 3 emissions are anticipated to constitute a considerable share of the Group's total carbon footprint. Recognising the growing emphasis placed by the market on comprehensive value chain emissions management, the Group intends to progressively evaluate the feasibility of expanding its Scope 3 disclosures. Such data will be reported in future periods once the underlying data collection systems have been sufficiently developed and validated.

The Group has established clear and quantifiable targets at the Group-wide level. Climate-related key performance indicators are tracked on a continuous basis and disclosed annually to maintain transparency and facilitate meaningful year-on-year comparison. The Group also utilises available operational data to assess the effectiveness of its climate-related initiatives, providing a foundation for well-informed strategic adjustments and supporting the Group's long-term sustainable development. At this stage, target-setting and monitoring are carried out using internal data and management processes, and the Group's targets have not been subject to independent third-party verification. The latest international climate change agreements, together with any associated jurisdictional commitments, do not currently have a material impact on the Group's targets. The targets were not formulated using a sectoral decarbonisation approach.

Remuneration

The Group's remuneration policy does not currently incorporate climate-related considerations.

Internal Carbon Price

The Group has not implemented an internal carbon price for its operations or investment decisions at this time.

B. SOCIAL

B1: EMPLOYMENT

We believe that the employees are the most important and valuable assets of the Group. We put great emphasis on the protection of the legitimate rights and interests of all employees. During the Reporting Period, the Group strictly complied with labour legislations and related regulations in the PRC and Hong Kong, including the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests, the Trade Union Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and the Hong Kong Employment Ordinance. The Group was not involved in any confirmed violation relating to employment that have a significant impact on the Group. The Group will periodically monitor updates in relation to laws and regulations on human resources and monitor compliance so as to protect the interests of both the employees and the Group.

We are committed to be an ideal employer of choice and providing a healthy working environment where our employees can thrive. We have established an effective system of employment policies, including equal recruitment policy, equal promotion policy, work-life balance policy, compensation policy, remuneration and allowance policy, dismissal and retirement policy, anti-discrimination policy, diversity policy, employee welfare and benefit policy. Our Group assesses the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group.

As at 31 December 2025, the Group had a total of 94 employees (2024: 109), with the employee structure as follows:

	2025	2024
By Gender		
Male	64	64
Female	30	45
Total	94	109
By Employment Type		
Full-time	92	106
Part-time	2	3
Total	94	109
By Age Group		
18–25 years old	–	–
26–30 years old	2	1
31–40 years old	14	16
41–50 years old	33	40
Over 50 years old	45	52
Total	94	109
By Geographical Region		
Hong Kong	32	14
Mainland China	62	95
Total	94	109

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During the Reporting Period, the Group's annually employee turnover rate (calculated by dividing the number of departed employees by the average number of employees in the specified category) is as follows:

	2025	2024
By Gender		
Male	28.13%	14.81%
Female	58.67%	26.00%
By Age Group		
18–25 years old	–	–
26–30 years old	–	50%
31–40 years old	46.67%	12.12%
41–50 years old	38.36%	13.59%
Over 50 years old	39.18%	27.66%
By Geographical Region		
Hong Kong	34.78%	–
Mainland China	40.76%	22.44%

Recruitment and Promotion

Our staff is the cornerstone of our corporate operation and development, therefore, we have a fair and equitable talent selection system, which undergoes optimisation from time to time for talent recruitment. We have formulated annual recruitment plans and generally recruit our employees through campus recruiting and placing advertisements in the open market with reference to factors such as experience, qualifications and expertise required for our business operations. The human resources department is responsible for overseeing and reviewing all recruitment and promotion processes to ensure the most qualified and competent candidates are selected in an orderly and fair manner. Meanwhile, our Group has designed an appraisal system to assess the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions.

Remuneration and Benefits

In general, the Group determines employee’s remuneration based on each employee’s qualifications, position and seniority and remuneration policies established by us. Meanwhile, we regularly review and update our remuneration based on the local market standards. We offer reasonable and competitive salary and benefits to staff. Employees are awarded a salary adjustment and promotion based on their job performance as well as progress achievement and the results of performance appraisal. The Group provides employees with a range of insurance and working security packages, including:

Hong Kong	PRC
Mandatory Provident Fund (MPF)	Medical Insurance
Performance Bonus	Unemployment Insurance
Severance Payment/Long Service Payment	Employment Injury Insurance
Maternity/Paternity Leave with Pay	Maternity Insurance
Employment Compensation Insurance	Endowment Insurance
Medical Insurance	Housing Provident Funds

Equal Opportunities and Diversity

The Group is committed to providing a fair and equitable workplace where all individuals are treated equally in every aspect of their work or employment. Candidates and employees have equal opportunities to employment, remuneration and promotion. We will not conduct or tolerate discrimination or harassment against individuals on the basis of age, gender, race, marital status, religion, health status or any legally protected ground or on any other ground which we consider inappropriate and unacceptable.

We also place high value on female employees’ career development by ensuring that they have the same promotion opportunities as male staff. We also comply with the requirements of the Law on the Protection of Women’s Rights and Interests of the People’s Republic of China, which stipulates that female employees are entitled to basic salary and their employment contracts will not be released or terminated, without cause, during their pregnancy, maternity leave or breastfeeding period.

Dismissal Policy

The Group prohibits any unfair or illegitimate dismissals, with all our appointments, promotions, or terminations of contracts basing on reasonable and lawful grounds. With regards to the policies relating to dismissal of employees, if an employee has committed serious misconduct and fails to improve despite repeated warnings, his/her supervisor and the senior management of the Company will have a thorough internal discussion and allow the employee to answer and explain before the dismissal is announced. The reasons for the dismissal will be conveyed to the employee clearly. The dismissal procedure must be in accordance to applicable laws and regulations as well.

Staff Communication

The Group appreciates the significance of communication with and care for our employees and believes that maintaining a close relationship with our staff allows us to better understand their needs. Besides employee orientation with introduction of corporate system, culture and other information, we are willing to listen to our employees about their daily work condition, working environment and personal career development, with a view to properly adjusting our internal resources and policies. The Group also regularly organises staff activities to facilitate interaction among them and enhance their sense of belonging.

Working Hours and Rest Periods

The Group has formulated its policy based on local employment laws including the Provisions of the State Council on Employees' Working Hours (《國務院關於職工工作時間的規定》) to determine working hours and rest periods for employees. Specially, the Group has installed the attendance management system that could keep monitoring its employee's working hours and compensate those who work overtime with extra pay or additional days off. In addition to basic paid annual leave and statutory holidays, the employees are also entitled to leave benefits such as marriage leave, maternity leave and compassionate leave etc.

B2: HEALTH AND SAFETY

The Group strictly follows relevant laws and regulations including "The Labor Law of the PRC" (中華人民共和國勞動法), "The Law of the PRC on the Prevention and Treatment of Occupational Diseases" (中華人民共和國職業病防治法) and "The Fire Protection Law of the PRC" (中華人民共和國消防法). The Group continues to strive to create a safe and healthy working environment to ensure the well-being and safety of our employees. In order to achieve such goal, senior management continuously monitors and constantly enhances safety policies, procedures and control measures in compliance with laws and regulations related to occupational health and safety, we manage the safety of the office in accordance with relevant occupational health and safety laws and regulations. By implementing safety measures, we have standardized our business processes and effectively prevented work-related hazards and risks to achieve zero work-related fatalities and zero work-related injuries work environment.

The Group strictly implements various labour protection, safe production and fire prevention rules, and regularly coordinates safety check for factory, including:

- carrying out daily patrol of production facility to ensure that employees wear protective gear properly, and keeping record for review;
- organising regular training on usage of protective gear to raise employees' awareness;
- establishing safety organisational structure for clear division of labour and minimising impact caused by accidents;
- halting production when emergency and unsafe situation takes place;

- producing statistics for serious factory incidents and making preventive measures based on the monthly statistics; handling fire, chemical leakage, serious safety and health incidents at factory in accordance with Emergency Preparation Contingency Procedure, and calling for meeting for review;
- performing regular check on machineries;
- organising safety production contest to encourage employees to make reasonable suggestion and share experience from different departments;
- organising regular fire drill, providing emergency and first-aid skill training; checking fire hydrant regularly and repairing, maintaining and replacing old and obsolete equipment; and
- solidifying theoretical knowledge base of medics and employees of specialty work procedures on a monthly basis.

The employees responsible for specialty work, such as electricians, instrument calibration staff, etc., are required to obtain certification recognised by the national government in order to perform job duties. The Group's employees are required to:

- carry out regular maintenance and repair on machineries to ensure safety;
- switch off power when repairing electric appliances and hoisting safety signs of power outage and repair whilst assigning staff to secure the area and prevent others from electric shock; and
- ensure that electronic appliances and wire are in compliance with national safety requirement and have good insulation.

In addition, the Group stresses the importance of hygiene of work environment and promotes safety and hygiene awareness among employees. Garbage is not allowed to be left at factory overnight and the Group hires professional firms for pest and ant control.

For safety of chemical warehouse, the Group strictly complies with national standards relating to design and installation of electronic appliances, as well as national safety regulations of electronic appliances at explosive and hazardous area. For instance, the Group uses explosion-proof lighting tools at chemical warehouse; uses non-flammable PVC pipes to protect electricity wire at warehouse; installs separate switch box outside warehouse; and prohibits the use of electric furnace, electric motor and other machines.

During the past three years including the Reporting Period, there were no work-related fatalities/injuries and no severe or lethal industrial accident and no lost days due to work injury recorded by the Group. We will continue to foster greater safety awareness amongst our employees through series of on-the-job training.

B3: DEVELOPMENT AND TRAINING

The Group sees the employees as the driving force of business growth, thereby attaching particular attention to employee training and development. The Group is committed to providing opportunities and resources to enhance employees' professional knowledge and skills, thereby enhancing the operational performance of the Group. The Group has established Training Planning to conduct periodic training to our employees regarding the requirements of their job duties.

The Group provides new joiners, current employees and management with training on professional skills so as to enhance competitiveness. The Group also encourages employees to self-learn and improve during spare time. Our human resources department provides newly-joined front-line employees with job training, covering corporate system, factory regulations, fire safety, equipment usage safety, in order to help new employees understand the corporate culture and requirements of relevant positions within the Group, and familiarise with the work environment and job duties. In addition to internal orientation, we also encourage and support employees taking training courses and workshops that are relevant to their roles internally or at external organisations in order to enrich their knowledge in discharging their duties.

During the Reporting Period, the Group provided employees with various training programs to improve work performance and kept record of the participants of each session, including but not limited to:

- induction training;
- safety awareness training, first-aid training;
- fire safety training; and
- anti-corruption training.

During the Reporting Period, the total of 151 hours of training was received by the Group's employees. The average number of training hours that each employee received was 1.61 hours.

	Trained person (Percentage of employees trained) (Note 4)	Average training hours per employee
Employee trained by gender		
Male	81%	1.44
Female	50%	5.07
Employee trained by employment category		
Senior management	100%	3.54
Middle management	100%	1.86
General staff	52%	1.98

Note 4: It is calculated by dividing the number of employees received training in the specified category by the number of employees in the specified category.

B4: LABOUR STANDARDS

As a commitment to social responsibility, the Group respect human and labour rights for all. The Group strictly complies with the Labour Law of the PRC (《中華人民共和國勞動法》), the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), Employment Ordinance of Hong Kong and other relevant labour laws and regulations in Hong Kong.

To combat illegal employment of child labour and forced labour, the Group has taken the following necessary measures to ensure that no child labour or forced labour is employed:

- conducting interviews with candidates to understand their backgrounds and motivations for working for the Group;
- raising the minimum educational requirements, requiring all job applicants to have at least completed high school education, so that no children will be employed in labour recruitment; and
- checking valid identification documents to verify whether they meet the statutory age of 18 years old.

In addition, the Group's recruitment is based on the principles of fairness and voluntariness to eliminate forced labour, and any unfair or unlawful means to restrict the employment relationship between employees and the Group is prohibited. Employees are free to terminate their employment with the Group by adhering to the prior notice period stipulated in their employment contracts.

The human resources department of the Group is responsible for reviewing the measures to ensure they remain effective for avoiding child and forced labour. When any child labour or forced labour is discovered, the Group would terminate the employment relationship, report to the relevant authorities and arrange to provide any necessary assistance to the subject persons if required. In addition, the management will thoroughly discuss and review the issue to prevent the recurrence of such incidents in the future.

During the Reporting Period, the Group has no violation against the relevant laws and regulations regarding prevention of child labour or forced labour.

B5: SUPPLY CHAIN MANAGEMENT

Recognising that the supply chain plays an essential role in the Group's sustainability performance, we prioritise the products that have low or no harmful impact on the environment during the procurement process. The Group works closely with its suppliers who are committed to high quality, environmental, health and safety standards. As part of our commitment to environmental protection, product quality and social responsibility, we recognised the great importance of supply chain management and formulated internal policies and guidelines and selection of external suppliers.

Our suppliers are mainly located in Dongguan, and nearby cities, such as Shenzhen, Guangzhou, Qingyuan and Huizhou, in order to minimise the transportation cost and carbon emission from transportation. The Group has erected a designated procurement department with designated officers. Suppliers are sorted by their delivery quality, after-sales service, production scale, production capability and other indicators. Coupled with the Group's business needs, the Group will undertake integrated assessment on suppliers and rank their integrated capabilities from A to D, with those getting higher scores amongst the priority list; whilst limiting or even stopping procurement from suppliers which score low to ensure quality of raw materials. Our procurement department will fill out procurement forms based on requirements and purchase the materials needed from eligible suppliers on the list. The Group also conducts annual evaluation of eligible suppliers on a regular basis to assess the suppliers' ability to continuously provide quality services or goods and review the compliance level and service capabilities of suppliers to ensure the stability of the supply chain. If violation is observed from suppliers, the Group will suspend the cooperation.

With increasing environmental concerns in society, the Group recognizes the significance of managing environmental and social risks within its supply chain. Environmental and social considerations are integrated into the procurement process and supplier communications. The Group remains committed to monitoring its supply chain to ensure compliance with environmental and social standards. Priority is given to suppliers offering environmentally friendly products and services, with efforts focused on minimizing potential risks. Any significant violation of laws or regulations may result in the termination of supplier contracts.

During the Reporting Period, the Group had engaged a total of 30 suppliers, all of them were from Mainland China, the number of suppliers by geographical region is as follows:

Geographical Region	Number of Suppliers
Southern China	27
Central China	1
Eastern China	2
Total	30

B6: PRODUCT RESPONSIBILITY

Quality Assurance

The Group endeavours to offer high-quality products and services. We are committed to improving our product quality, attracting new customers and strengthening the relationship with existing customers. The Group established the stringent quality assurance standards and inspection management procedures. The standards and procedures are reviewed periodically as well. Products are made in strict accordance with clients' requirements to ensure quality. Our quality assurance department will fill out the source material inspection report for any faulty and unqualified raw materials, suggest preventive measures based on actual circumstances and instruct the procurement department for recall from suppliers. Prior to the sale of products, we will conduct a quality control inspections and will only sell products that have passed testing, the Group will proactively recall its products if there is any non-compliance with the quality standards.

The Group's retail shops in Hong Kong offer high-quality products and services to customers. Our Employee Manual states that employees shall maintain a customer-first attitude to serve customers in an enthusiastic and polite manner. We believe that customers' feedback is vital to improving our service quality, our customers can avail themselves of various channels to file an opinion regarding our products and services. We also have a comprehensive complaint-handling and recall mechanism. Upon receiving customer complaints, our customer service officers will keep a record and immediately respond to them with follow-up measures. All complaints are investigated and reviewed in a serious manner.

During the Reporting Period, there are no products and services related complaints received and there is no product recall for health and safety problems.

Product Responsibility

Ensuring customer satisfaction with our products and services is a high priority for the Group. We place importance on the quality standard of our products and services to achieve sustainable growth of our business. We are committed to ensure compliance with the laws and regulations relating to product health and safety, labelling, advertising and privacy matters including the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》) and the Hong Kong Personal Data (Privacy) Ordinance. Policies about product quality and safety as well as compliance with laws and regulations have been clearly stated to the employees and suppliers.

During the Reporting Period, we had no violation record on relevant laws and regulations that have a significant impact on the Group relating to product responsibility issues.

Intellectual Property Right Protection

The Group understands the importance of protecting its own intellectual property right and the intellectual property right of its customers or suppliers. The Group follows the legitimate intellectual protection laws and regulations of the PRC and Hong Kong. The Group regularly monitors to ensure that intellectual property rights of the Group, our customers and our suppliers are not being infringed upon.

During the Reporting Period, the Group had no violations related to the above aspects.

Privacy Protection

The Group takes privacy issues of our customers, internal employees, data, and external partners and suppliers very seriously. We have established confidentiality guidelines. The guidelines require that our employees are obligated to retain in confidence any and all information obtained in connection with their employment, including, but not limited to, trade secrets, client information and other proprietary information. In addition, contracts between the Group, its employees and suppliers contain a confidentiality clause. All confidential information relating to the customers are securely protected and only use for internal purposes and should not be revealed to anyone other than staff who are in the normal course of conducting duties and responsibilities. Anyone who disclose of confidential information to unauthorised personnel in violation of the guidelines could result in disciplinary action, up to and including termination of employment.

During the Reporting Period, the Group complied with the applicable laws and regulations regarding privacy protection, including the Personal Information Protection Law of the PRC, the Group had no violations related to the above aspects.

B7: ANTI-CORRUPTION

The Group attaches great importance to anti-corruption, corporate integrity and honesty, and strictly comply with the relevant laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and the Prevention of Bribery Ordinance (《防止賄賂條例》) (Cap. 201 of the Laws of Hong Kong) and other laws and regulations relating to anti-bribery, anti-fraud and anti-money laundering. The Group has implemented an anti-fraud, anti-corruption and anti-commercial bribery management policy (the “**Anti-Fraud, Anti-Corruption and Anti-Commercial Bribery Management Policy**”) to set out the Group's specific requirements on improper gain, such as prohibitions against personal gains by abusing office power, acceptance of bribes, gifts, rebates or other improper gains, and prohibitions against negotiating business separately such as signing of contract, purchase of equipment or goods without obtaining approval from relevant superiors, etc. Employees are required and have the responsibility to conduct themselves with integrity in an ethical and proper manner. Payments or acceptance of any kickbacks from external parties is strictly prohibited. The Group takes disciplinary action to combat against any violation of the Group's anti-corruption and fraud-related regulation. Apart from that, the Group has adopted an anti-corruption policy (the “**Anti-Corruption Policy**”) in February 2022, which sets out the specific behavioural guidelines that the employees and business partners must follow to combat corruption. Such Anti-Fraud, Anti-Corruption and Anti-Commercial Bribery Management Policy and Anti-Corruption Policy are reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

During the Reporting Period, the Group has provided anti-corruption training by circulation of e-training materials to its directors and staff to raise their awareness towards anti-corruption law and regulations, and corruption related issues. Training on anti-corruption is also provided to all new employees as part of their orientation programme.

The Group endeavours to prevent any non-compliance to relevant laws. To enhance corporate governance, the Group sets up Audit Committee and engages external lawyers and auditors to review and provide opinions on the company's financial report and other compliance issues. Besides complying with the requirement to the corporate governance of listing companies enforced by the Stock Exchange, we constantly review the effectiveness of our internal control measures to enhance governance level.

Whistleblowing Policy

The Group has adopted a whistleblowing policy (the “**Whistleblowing Policy**”) in May 2017 to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourage the reporting of misconduct, unlawful and unethical behavior. The Group sets up reporting channel, employees can make written reports on any suspected misconduct and irregularities. Within five working days after receipt of such report, the person who receives the Report will notify the whistleblower that the Report has been acknowledged and the matter will be investigated. Subject to legal limitations, the whistleblower will be notified of the results of the investigation in due course. Under normal circumstances, the person who receives the Report will forward the Report to the company secretary. The company secretary will regularly report the Reports received and the actions taken to the chairman of the Audit Committee. Investigations into the Reports is conducted in strict confidentiality under all circumstances to keep the whistleblower’s identity confidential. The Audit Committee will review the final report and make recommendations to the Board. The Board has the right to make any decisions based on the recommendations of the Audit Committee.

The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness. The Board will oversee the implementation and monitor the provisions of Whistleblowing Policy. If there is sufficient evidence to suggest that a case of possible corruption exists, the case will be reported to the relevant local authorities. The Group continuously monitors the implementation of the preventative measures and whistle-blowing procedures.

During the Reporting Period, the Group was not aware of any incident of non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to corruption, bribery, extortion, fraud and money laundering, moreover, there was no legal case regarding corrupt practices brought against the Group or its employees, or impose fines, penalties or sanctions on the Group or its employees.

B8: COMMUNITY INVESTMENT

The Group always upholds the idea of synergetic development between enterprises and communities and acknowledges that the prosperity of enterprises is inseparable from the vigorous development of communities. As an integral part of our corporate social responsibility, we continued the commitment to investing and contributing to the communities. Over the years, the Group places great emphasis on building local communities through offering job opportunities and collaborating with local suppliers.

During the Reporting Period, due to resources being allocated to other areas, the Group was not able to make any charitable donations or participate in other philanthropy initiatives. Looking forward, the Group will continue to fulfil its social responsibilities actively through its business network, we are committed to continuously seeking opportunities to engage in social activities and expand our positive impacts on local communities. By maintaining a harmonious relationship with the community, the Group believes it will be able to move the company forward and ensure the continued growth of its business.

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KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	"Use of Resources" 11
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	"Use of Resources" and "The Environment and Natural Resources" 10, 13
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" 11
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	"Use of Resources" 11

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Aspect A3: The Environment and Natural Resources		
General Disclosure Policies on minimising the issuer’s significant impacts on the environment and natural resources.	“The Environment and Natural Resources”	12
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”	12
Aspect A4: Climate Change (Repealed 1 January 2025)		
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	“Employment”	20
KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	“Employment”	21
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	“Employment”	22
Aspect B2: Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to providing a safe working environment and protecting employees from occupational hazards.	“Health and Safety”	24
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”	25
KPI B2.2 Lost days due to work injury.	“Health and Safety”	25
KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	“Health and Safety”	24-25

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Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Development and Training" 26
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	"Development and Training" 26
KPI B3.2	The average training hours completed per employee by gender and employee category.	"Development and Training" 26
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labour.	"Labour Standards" 27
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	"Labour Standards" 27
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	"Labour Standards" 27
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	"Supply Chain Management" 28
KPI B5.1	Number of suppliers by geographical region.	"Supply Chain Management" 28
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" 28
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" 28
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" 28

Subject areas, aspects, general disclosures and KPIs	Section	Page
Aspect B6: Product Responsibility		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	“Product Responsibility”	29
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	“Product Responsibility”	29
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	“Product Responsibility”	29
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	“Product Responsibility”	29
KPI B6.4 Description of quality assurance process and recall procedures.	“Product Responsibility”	29
KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	“Product Responsibility”	30
Aspect B7: Anti-corruption		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer, relating to bribery, extortion, fraud and money laundering.	“Anti-corruption”	30
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”	31
KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	“Anti-corruption”	31
KPI B7.3 Description of anti-corruption training provided to directors and staff.	“Anti-corruption”	30
Community		
Aspect B8: Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.	“Community Investment”	31
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	“Community Investment”	31
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	“Community Investment”	31

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PART D: CLIMATE-RELATED DISCLOSURE

Clause	Disclosure requirement	Relevant section	Exemption/notes
Paragraph 19(a)	Information about the governance body or individual responsible for overseeing climate-related risks and opportunities (which may include the board, a committee, or another equivalent governance body).	ESG GOVERNANCE STRUCTURE	
Paragraph 19(b)	The role of management in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	ESG GOVERNANCE STRUCTURE	
Paragraph 20	The issuer shall disclose information that enables an understanding of climate-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance, or cost of capital in the short, medium or long term.	CLIMATE CHANGE	
Paragraph 21	The issuer shall disclose information that enables an understanding of the current and anticipated impacts of climate-related risks and opportunities on its business model and value chain.	CLIMATE CHANGE	
Paragraph 22	The issuer shall disclose information that enables an understanding of how climate-related risks and opportunities affect its strategy and decision-making.	CLIMATE CHANGE, THE ENVIRONMENT AND NATURAL RESOURCES	
Paragraph 23	The issuer shall disclose information about progress made in previous reporting periods in respect of the plan disclosed under paragraph 22(a).	THE ENVIRONMENT AND NATURAL RESOURCES	
Paragraph 24(a)	How climate-related risks and opportunities affect the issuer's financial position, financial performance and cash flows during the reporting period.	CLIMATE CHANGE	Financial effects relief: quantitative financial data are temporarily not disclosed, and the granularity of the financial impact assessment will be progressively enhanced when sufficient data and methodological foundations become available.
Paragraph 24(b)	Information about the climate-related risks and opportunities identified under paragraph 24(a), where there is a material risk of causing significant adjustments to the carrying amounts of assets and liabilities in the financial statements for the next reporting year.	CLIMATE CHANGE	N/A – explained.

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Clause	Disclosure requirement	Relevant section	Exemption/notes
Paragraph 25	Anticipated financial effect (qualitative and quantitative)	CLIMATE CHANGE	Financial effects relief + capabilities relief: lacking the skills, capabilities or resources to provide quantitative data on expected financial impacts.
Paragraph 26	Climate resilience	CLIMATE CHANGE	Capabilities relief: climate resilience is assessed through qualitative scenario analysis rather than complex financial models, which is proportionate to the Group's current level of resource allocation.
Paragraph 27(a)	The process and related policies the issuer uses to identify and assess climate-related risks, determine their relative priority, and keep them under review.	CLIMATE CHANGE	
Paragraph 27(b)	The process the issuer uses to identify and assess climate-related opportunities, determine their relative priority, and keep them under review, including whether and how the issuer uses climate-related scenario analysis to identify climate-related opportunities.	CLIMATE CHANGE	
Paragraph 27(c)	The process by which the issuer integrates the identification, assessment, prioritisation and monitoring of climate-related risks and opportunities into its overall risk management process, and the extent of that integration.	CLIMATE CHANGE	
Paragraph 28(a)	Scope 1 greenhouse gas emissions	EMISSIONS	
Paragraph 28(b)	Scope 2 greenhouse gas emissions	EMISSIONS	
Paragraph 28(c)	Scope 3 greenhouse gas emissions	EMISSIONS	
Paragraph 29	Greenhouse gas emission measurement methods.	EMISSIONS	
Paragraph 30	The issuer shall disclose the amount and percentage of assets or business activities that are vulnerable to climate-related transition risks.	CLIMATE CHANGE	Reasonable information relief: such data cannot currently be obtained without undue cost or effort.
Paragraph 31	The issuer shall disclose the amount and percentage of assets or business activities that are vulnerable to climate-related physical risks.	CLIMATE CHANGE	Reasonable information relief: such data cannot currently be obtained without undue cost or effort.

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Clause	Disclosure requirement	Relevant section	Exemption/notes
Paragraph 32	The issuer shall disclose the amount and percentage of assets or business activities involving climate-related opportunities.	CLIMATE CHANGE	Reasonable information relief: such data cannot currently be obtained without undue cost or effort.
Paragraph 33	The issuer shall disclose the amount of capital expenditure, financing or investment used for climate-related risks and opportunities.	CLIMATE CHANGE	Not applicable – explained.
Paragraph 34	Internal carbon pricing	Not applicable	The Group has not adopted an internal carbon pricing mechanism.
Paragraph 35	The issuer shall disclose whether and how climate-related considerations are incorporated into its remuneration policy, or provide an appropriate negative statement.	Not applicable	The Group has not explicitly set out specific climate-related performance indicators directly linked to remuneration Policies.
Paragraph 36	Industry metrics	EMISSIONS	
Paragraph 37	The issuer shall disclose: <ul style="list-style-type: none"> (a) the climate-related qualitative and quantitative targets it has set to monitor progress toward achieving its strategic objectives; and (b) any targets required by law or regulation that the issuer must meet, including any greenhouse gas emissions targets. 	THE ENVIRONMENT AND NATURAL RESOURCES	
Paragraph 38	Issuers are required to disclose the methods they use to set and review each target, as well as how they monitor progress toward achieving those targets.	ESG GOVERNANCE STRUCTURE , EMISSIONS, THE ENVIRONMENT AND NATURAL RESOURCES	The data and targets have not yet been verified by a third party.
Paragraph 39	Issuers are required to disclose information on the performance of each climate-related target, as well as an analysis of trends or changes in the issuer's performance.	EMISSIONS, USE OF RESOURCES	

Clause	Disclosure requirement	Relevant section	Exemption/notes
Paragraph 40	<p>For greenhouse gas emissions targets, issuers should disclose:</p> <ul style="list-style-type: none"> • Which greenhouse gases are covered. • Whether the target covers Scope 1, Scope 2, or Scope 3 emissions. • Whether the target is a gross emissions target or a net emissions target. • If it is a net target, the corresponding gross target should also be disclosed. • Whether the target is based on a sectoral decarbonization approach. • What decarbonization methods are being used. • How carbon credits or offsets are used, if at all. 	EMISSIONS, THE ENVIRONMENT AND NATURAL RESOURCES	Decarbonization methods or plans to use carbon credits are not applicable.