

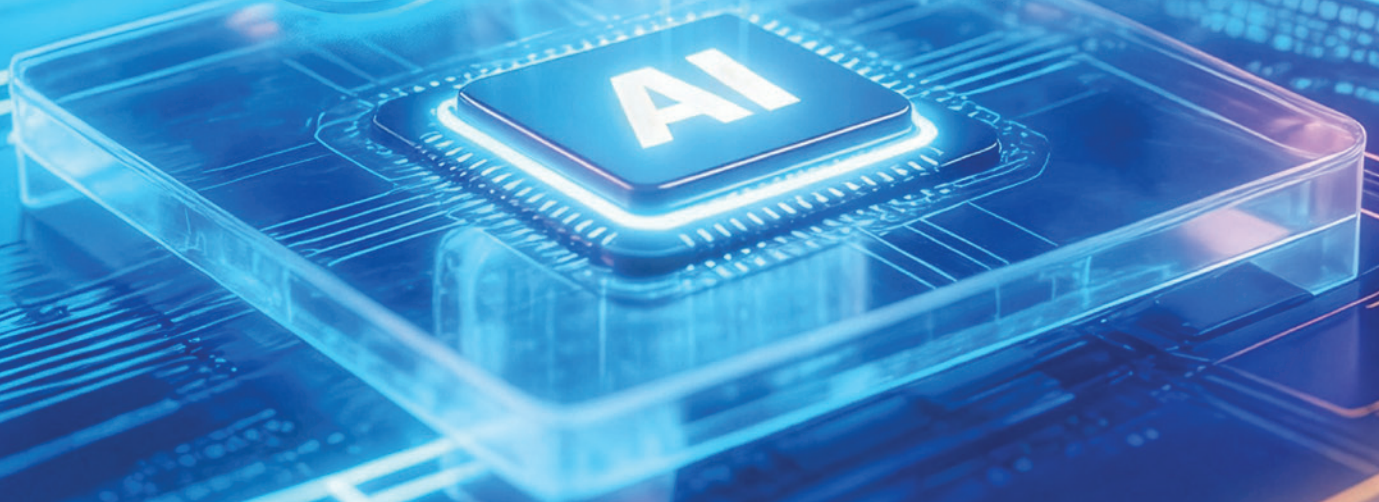
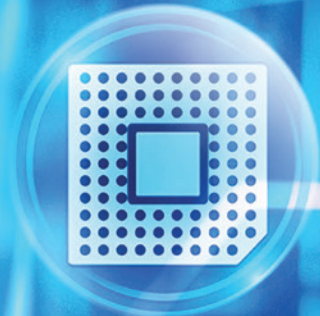
# Vital Innovations Holdings Limited 維太創科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 6133

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025 環境、社會及管治報告





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SCOPE AND REPORTING PERIOD

The Board is pleased to present the report (this “Report”) on the environmental, social and governance (“ESG”) issues in relation to the Group’s businesses for the year ended 31 December 2025 in accordance with the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In full compliance with the disclosure obligation and in accordance to the materiality of each business, the Group decided to include all of its major entities and businesses in this Report, i.e. the subsidiary in Beijing, Beijing Benywave Wireless Communication Co., Ltd.\* (北京百納威爾無線通訊設備有限公司) (“Beijing Benywave”) and the subsidiary in Hong Kong, Vital Mobile (HK) Limited (“Vital HK”), in order to comprehensively reflect our ESG performance over the past year. As compared to the same report for the year ended 31 December 2024 (i.e. previous year), the scope of this report remained the same. Unless otherwise stated, the reporting period is from 1 January 2025 to 31 December 2025 (the “Reporting Period”). The Board considers that we have complied with (a) the mandatory disclosure requirements; and (b) the “comply or explain” provisions of the Environmental, Social and Governance Reporting Code for the year ended 31 December 2025.

## Reporting principles

This Report was prepared based upon the reporting principles set out in the ESG Reporting Code, including:

- **Materiality:** The Group considered the opinions and expectations of its key stakeholders to identify and assess the key areas of ESG issues, climate-related risks and opportunities that could affect its future cash flows, its access to finance or cost of capital, and then prepared this Report;
- **Quantitative:** The calculations, methodologies, assumptions and conversion factors for each KPI have been disclosed in this Report;
- **Balance:** This report is fully disclosed through objective facts and standardized data with a view to presenting the performance of ESG matters in an impartial manner; and
- **Consistency:** Unless otherwise stated, this report adopted the same methodology with that in the previous year in calculating and disclosing the key performance indicators, so as to enable a meaningful comparison of the Group’s performance across different years.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Our commitment

The Group is listed in Hong Kong and is primarily engaged in the sale and provision of services related to mobile phones, smartphones, LED products, artificial intelligence (AI) products, and related equipment. Our business encompasses research and development, design, engineering, material sourcing, supply chain management, logistics, and services activities for target markets, offering a wide range of services to wholesalers and distributors. Over the years, thanks to the steadfast support of our shareholders, clients and working partners, the Group has continuously enhanced its corporate structure and has embraced its responsibilities as a corporate citizen, actively striving to enhance its environmental, social and governance efficiency with a view to contributing to the community. During the Reporting Period, we adhered to the missions and values of the Group. Guided by the principles of sustainable development, we continuously implemented various internal policies, committed to reducing the environmental impacts of our daily operations and promoting positive social outcomes. We also made significant efforts in environmental protection, staff training and anti-corruption to create values for all our employees, suppliers, shareholders and other stakeholders while balancing the interests of all parties.

### Governance Structure

The Board is responsible for evaluating the Group's ESG-related risks and opportunities, determining relevant strategies and risk management plans and authorizing the management to implement detailed strategies and plans so as to ensure that effective ESG risk management and internal control systems are established and maintained. The Group maintains effective communication with its stakeholders through daily operations to understand and identify their expectations and concerns regarding the Group's ESG issues, with a view to assessing materiality of various ESG aspects and to formulating long-term development approaches and strategies. The management is responsible for setting the ESG performance indicators of the Group and develops action plans to achieve those targets. Under the leadership of management, business units execute specific measures according to the action plans, and report progress and achievements to the management. The Board regularly reviews the progress toward these targets and approves the ESG report so as to continuously monitor the sustainability performance of the Group. The Board will continue to oversee the ESG issues, and will keep abreast of and comply with the latest ESG disclosure requirements of The Stock Exchange of Hong Kong Limited.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Stakeholders Engagement and Materiality Assessment

The Group recognizes that the engagement and feedback of the major stakeholders, such as shareholders, employees, customers, business partners and governments, are crucial to its sustainable development. The Group is committed to maintaining close communication with these major stakeholders with a view to understanding their opinions and expectations regarding the ESG aspects of the Group and accordingly formulate and adjust corresponding sustainable development strategies, actively promoting the long-term sustainability of the Group's development.

The following table sets out the communication channels and expectations of the major shareholders of the Group during the Reporting Period:

Stakeholders	Communication channels	Areas of expectations
Shareholders and Investors	<ul style="list-style-type: none"><li>• Annual general meeting</li><li>• Announcements</li><li>• Website</li></ul>	<ul style="list-style-type: none"><li>• Return on investment</li><li>• Fair treatment and interest protection</li><li>• Transparency in governance</li></ul>
Employees	<ul style="list-style-type: none"><li>• Internal emails and notices</li><li>• Meetings</li><li>• Training</li></ul>	<ul style="list-style-type: none"><li>• Salaries and fringe benefits</li><li>• Health and safe working environment</li><li>• Diversified development and training</li></ul>
Customers	<ul style="list-style-type: none"><li>• Emails and phones</li><li>• Meeting and discussion</li><li>• Promotion and website</li></ul>	<ul style="list-style-type: none"><li>• Meet market needs</li><li>• High-quality services</li><li>• Prompt solution to inquiries and complaints</li><li>• Business integrity and ethics</li></ul>
Suppliers	<ul style="list-style-type: none"><li>• Emails and phones</li><li>• Meeting and discussion</li></ul>	<ul style="list-style-type: none"><li>• Long-term and stable cooperation</li><li>• Fairness and openness</li><li>• Business integrity and ethics</li></ul>
Governments and Public Authorities	<ul style="list-style-type: none"><li>• Regulation inspection</li><li>• Announcements</li><li>• Website</li></ul>	<ul style="list-style-type: none"><li>• Compliance with rules and regulations</li><li>• Environmental and social responsibilities</li></ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the opinions and expectations of the above major stakeholders and the opinion of the management, we have assessed the opportunities and impacts of ESG-related issues and performed the materiality prioritization. The Group has identified the use of resources, occupational health and safety, employee development and training, supply chain management and product responsibility as the material ESG aspects of the Group during the Reporting Period. The result of the materiality assessment has been approved by the Board, which enables us to adjust our sustainability direction and strategy promptly and specifically.

### A. ENVIRONMENTAL

#### A1: Emissions

Given the nature of the Group's business, which is primarily engaged in the provision of mobile phones, smartphones, LED products, AI and other equipment, as well as related products and services, the management considered that emissions and wastes generated from the Group's operations had a relatively less impact on the environment and did not cause substantial influence on the assessments and decisions of the Group and/or the stakeholders about the ESG performance of the Group.

Nevertheless, the Group actively monitors the requirements of government policies on environmental protection. During the reporting period, the Group has fully complied with the relevant laws and regulations in China and Hong Kong relating to emissions (i.e. air emissions, greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes), including but not limited to the Environmental Protection Law (《環境保護法》), Air Pollution Control Ordinance (《空氣污染管制條例》), Noise Control Ordinance (《噪音管制條例》) etc., during the Reporting Period.

In pursuit of environmental sustainability and in compliance with a wide spectrum of environmental laws and regulations stipulated by the PRC state, provincial and municipal governments, Beijing Benywave has developed a set of compliance procedures, including "Control Procedures on Identification and Evaluation of Environmental Factors", "Procedures for Pollution Control", "Procedures for Energy and Resources Consumption Control", and "Procedures for Environmental Operational Control", to facilitate effective environmental monitoring and ensure that operations meet the environmental standards and indicators.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Meanwhile, Beijing Benywave has evaluated its material impact on the environment and has prepared a “List of Essential Environmental Factors” to identify factors that may have significant impact on the environment, and has formulated the relevant control procedures for each factor. Beijing Benywave recognized the consumption of electricity is the main environmental impact factor. The air pollutants generated by such consumption will cause a level of environmental pollution to the atmosphere and land. Therefore, the Group has targeted the performance indicators of the energy and resources consumption, and has planned and implemented the relevant control measures accordingly.

We proactively cultivate environmental awareness among our employees, encouraging the reduction of solid waste generation in all aspects of life and work and promoting full recycling and reuse. We require that each department strictly controls energy and resources consumption and strengthens the implementation of energy-saving and consumption-reduction measures to effectively reduce pollution in order to achieve the target of sustainable development. For instance, reasonable illuminance should be implemented and lights should be turned off before leaving, inspections should be strengthened to confirm that all major power sources are switched off after working hours, papers should be printed in double-side or the waste paper should be reused, wasting or parking around outlet of water pipe is not allowed, dumping of pollutants and mixed flow of rain and sewage into water pipe is prohibited etc.

In addition, Vital HK has set up a warehouse facility in Hong Kong. It has not generated significant air pollutants, chemical waste, sewage and noise during operations. The warehouse is also committed to fully recycling paper and promotes the eco-friendly recycling of old computer equipment, striving to minimize the level of environmental pollution from operations.

### *Performance indicators for air emissions*

The Group does not generate significant air emissions or GHGs in the course of its business operation. Air emissions and GHGs from operations mostly arise from the consumption of purchased electricity, including emissions of nitrogen oxides (NO<sub>x</sub>), sulphur oxides (SO<sub>x</sub>), particulate matters (PM) and carbon dioxides (CO<sub>2</sub>). The Group did not own or control any stationary or mobile sources that combust fuels, and thus did not generate direct air emission from the daily operation.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The types and total volume of air emissions of the Group during the Reporting Period were as follows:

Sources	Emission of Nitrogen oxides (NO <sub>x</sub> )		Emission of Sulphur oxides (SO <sub>x</sub> )		Emission of Particulate Matters (PM)	
	Volume (in grams)		Volume (in grams)		Volume (in grams)	
	Year 2025	Year 2024	Year 2025	Year 2024	Year 2025	Year 2024
Consumption of purchased electricity	24,021	30,546	37,809	48,353	2,415	2,916

### *Performance indicators for wastes*

Based on the nature of its business, the Group did not generate any hazardous wastes during the Reporting Period (2024: Nil). In addition, the Group's management considers that the non-hazardous waste generated during the Reporting Period was minor (2024: minor), with no significant impact on the environment. For detailed performance, please refer to the section "Part 3: Climate-related Disclosures – Performance Overview of Greenhouse Gas Emission Metrics and Targets" below.

The Group has fully promoted the sorted collection of solid waste and requires all employees to implement waste classification. The hazardous and non-hazardous wastes are stored separately and disposed of regularly. If necessary, hazardous or dangerous wastes will be disposed by designated and qualified entities. Other wastes are gathered and transported to designated sanitation facilities for centralized treatment. In addition, the wastewater discharged by the Group is solely domestic sewage, which is discharged through the municipal sewage pipelines for treatment and therefore will have limited impact on the environment.

The Group strives to continuously improve our environmental performance and gradually reduce air emissions and waste produced from daily operation. We understand that emission control measures are closely related to energy conservation and emission reduction. Therefore, the Group has formulated a series of energy reduction measures. For information on the relevant measures and its achievement, please refer to the section "Use of Resources" below.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### A2: Use of Resources

The resources consumed in the operation of the Group are mainly electricity and fresh water. During the Reporting Period, the Group has adopted green initiatives and measures to enhance resource utilization efficiency. Measures include paper recycling, energy conservation and water saving. For example, we promote double-sided photocopying and paperless office; our employees are encouraged to use their own cups instead of disposable paper cups to reduce paper consumption; refillable ball pens and mechanical pencils are used in all our offices to minimize waste; within the office areas, energy-saving guidelines are followed, with reasonable illumination measures implemented and ensuring that lighting equipment and air-conditioning systems, computers and other office appliances are all turned off after office hours; sensor taps have been installed in washrooms and “save water” signs are posted in water-consuming areas.

#### *Performance indicators in the use of resources*

To detail the energy-saving and emission-reduction targets and enhance the effectiveness of performance monitoring, the Group sets annual indicators for energy and resource consumption and distributes them to staff members for implementation. We periodically review the effectiveness of implemented energy-saving and emission-reduction measures, monitor and assess energy efficiency indicators, and summarize the energy consumption of the previous year at the beginning of each year. Based on this, we continuously set applicable energy efficiency targets to gradually improve our environmental protection performance.

During the Reporting Period, the Group identified the following energy consumption indicators and reviewed the actual consumption. For the purpose of achieving effective use of resources, the Group will further tighten controls on energy conservation and emission reduction in coming years. The following measures will continue to be integrated into daily operation to achieve energy-saving benefits:



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy category	Year	Consumption indicator	Actual consumption	Intensity	Energy and emission reduction measures
Water for domestic use	2025	155 tonnes	152 tonnes	6.32 tonnes/employee	Renovate faucets and bathroom spray equipment, and promote water reuse while promoting water conservation
	2024	170 tonnes	155 tonnes	5.73 tonnes/employee	
Electricity usage in office facilities	2025	19,000 kWh	18,004 kWh	750.19 kWh/employee	Suitable illumination, strictly enforce reasonable illumination levels, turn off the light before leaving and enhance monitoring
	2024	24,000 kWh	23,015 kWh	852.79 kWh/employee	
Paper	2025	18 packs	8 packs	0.74 packs/employee	Double-sided printing and paperless office
	2024	20 packs	20 packs	0.74 packs/employee	
Packaging material	2025	-	-	-	Streamlined packaging
	2024	-	200 tonnes	7.41 tonnes/employee	

All water withdrawn of the Group is from municipal water supplies and thus no issues related to sourcing water during the Reporting Period and the previous year. The water consumption of the Group mainly comes from the office area, including pantry and restrooms. Besides, the Group considers that the office and warehouse in Hong Kong only consumed a small amount of drinking water during the Reporting Period and the previous year. The use of drinking water does not raise significant impact on the environment. As a result, the Group decided not to disclose the amount of water consumption.

In addition, the Group did not incur any packaging material consumption (2024: 200 tonnes) during the Reporting Period, and therefore no data is available on the average usage of paper packaging materials per unit of product (2024: 200 g/product).



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## A3: The Environment and Natural Resources

As mentioned above, the environmental impact of the Group's operations primarily stems from energy and resource consumption. To mitigate such impact, the Group has set annual indicators for energy and resource consumption. All departments are required to strictly achieve the indicators and report the implementation progress on a regular basis for coordinated monitoring. Through these measures, the Group promotes the rational use of resources and minimizes the environmental impact of its business operation. The Group pursues best practices in environmental protection, pays attention to its impact on the environment and natural resources, and integrates environmental concepts into its daily operations, aiming to achieve environmental sustainability.

Apart from the above-mentioned emissions and use of resources, no significant direct impacts on the environment and natural resources caused by the business operation of the Group.

## B. SOCIAL

### (i) Employment and Labour Practices

#### B1: Employment

The Group is committed to complying with the applicable laws and regulations relating to employee benefits of the places where it operates. It has also formulated specific policies regarding different aspects and relevant measures for monitoring the implementation. For example, Beijing Benywave has contributed to basic pension insurance, medical insurance, unemployment insurance, injury insurance, maternity insurance and housing provident fund for its employees, in accordance with the provisions of the Labour Law《勞動法》, Labor Contract Law《勞動合同法》and Social Insurance Law《社會保險法》. Employees are entitled to public holidays, marriage leave, maternity leave, bereavement leave and paid annual leave in accordance with the national requirements. Vital HK has established policies on human resource management in compliance with the Employment Ordinance and Mandatory Provident Fund Schemes Ordinance in Hong Kong. Apart from medical insurance, labour insurance, injury insurance and mandatory provident fund, Vital HK also offers public holidays, annual paid leaves, sick leaves and maternity leaves to employees.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established clear employee rights and welfare policies, such as the Employee Handbook, Administrative Measures for Wages, Benefits and Labour Welfare and Employees' Performance Appraisal Management System. The Group firmly upholds the principle of equality, ensuring that all employees are not discriminated against on the grounds of race, color, religion, gender, nationality, marital status, sexual orientation, age, disability, or any other characteristic. The Group values diversified development of employees and provide them with competitive compensation and benefits and opportunity for career development based on their individual merits and performance, while ensuring that all employees enjoy equal opportunities.

### *Performance indicators in employment*

As at 31 December 2025, the Group had a total of 20 employees, representing the total number of active staff at year-end (31 December 2024: 24 employees), and all of them were full-time workers. During the Reporting Period, 4 employees left the Group (2024: 3 employee), representing a turnover rate of 17% (2024: 11%).

During the Reporting Period, the workforce and turnover rate of the Group by gender, employment type, age group and geographical region are as follows:

Employee Category		Number of employees (person)		Turnover rate (%)	
		Year 2025	Year 2024	Year 2025	Year 2024
By gender	Male	11	14	21	18
	Female	9	10	10	0
By employment type	Full-time	20	24	17	11
	Part-time	0	0	0	0
By age	Aged 40 and below	4	6	17	25
	Between 41 and 50	7	9	33	0
	Aged 51 and above	9	9	0	10
By geographical region	China	11	15	27	10
	Hong Kong	9	9	0	11



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B2: Health and Safety

As employees are the most valuable assets of the Group, we have always regulated ourselves according to strict health and safety standards to prevent employees from being exposed to occupational and health risks. The Group is proud of being capable of providing a safe, efficient and comfortable working environment. During the Reporting Period, appropriate arrangements, training and coaching were made by the Group to ensure a healthy and safe working environment. Also, information on health and safety was provided to employees so as to enhance their awareness of occupational health and safety. As at the end of the Reporting Period, the Group has complied with all the applicable laws and regulations in China and Hong Kong, including the Occupational Safety and Health Ordinance 《職業安全及健康條例》, the Work Safety Law of the PRC 《中華人民共和國安全生產法》, relating to the provision of a safe working environment and protecting employees from occupational health risks, and has formulated specific policies to these effect.

The Group strives to eliminate or reduce the use of toxic and hazardous materials. Our R&D Department carefully considers the risks concerning health hazards, work injuries and occupational diseases in the course of product design process or before changing production parameters or workflows. At the design review stage, we assess the possible occupational health and safety risks that may arise from the use or production of products to ensure that the safety of employees will not be posed at risks. Meanwhile, the Group encourages the use of non-toxic and non-hazardous materials and production techniques, and has simplified the manufacturing process to strengthen the protection of employee safety.

The Group has recognized the potential fire risk arising from aging or improper use of electrical equipment, which may pose significant harm to health and safety of the employees. Therefore, stringent safety standards are set for equipment and instruments. Overloading or abnormal operation is prohibited for any equipment and instrument. Guidelines for proper use of equipment and instruments are also provided to personnel, and equipment operation training has been strengthened. In addition, these equipment and instruments are regularly maintained, inspected and repaired by qualified technicians. Any outdated equipment that fails to meet safety standards will be systematically upgraded and improved, with detailed arrangements made for equipment retirement. Furthermore, the Group conducts regular inspections of the key fire prevention areas, such as direct-fired machine rooms and power distribution room equipment, and organizes annual training in the safety and knowledge of fire protection to prevent work-related accidents and safeguard employees' health.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group has always prioritized the health and well-being of employees. Therefore, the Group strives to provide a favourable working environment by maintaining hygienic restaurants and recreational facilities, etc. The Group continues to implement various measures to prevent virus inflection to ensure that employees can work in a healthy and safe environment. The measures include requiring employees to maintain personal hygiene, regularly cleaning and disinfecting office spaces as well as reducing face-to-face meetings. Meanwhile, we organize annual health check-ups for employees to encourage them to pay attention to their physical and mental health. We also provide employees with medical insurance benefits and other healthcare packages to effectively safeguard their physical and mental well-being.

### *Performance indicators in health and safety*

In the past three years, including the Reporting Period, no case of work-related fatality was reported. Besides, during the Reporting Period and the previous year, no case of serious injury as a result of work and no days were lost due to work injury.

Beijing Benywave sets its annual targets on occupational health and safety, such as zero rate of serious injury and 100% (2024: 100%) of employee medical check-up rate, etc. The Company also reviews its implementation status and prepares the “Report on Implementation Status of Targets and Indicators” every year to ensure the effectiveness of the Group’s prevailing occupational health and safety management system. In the event of accidental work injuries, Beijing Benywave has stipulated that the integrated management department is specifically responsible for following up on employees’ injury conditions, promptly conducting subsequent investigations and reviews of work-related accidents for the purpose of improvement.

During the Reporting Period, the Group did not identify any incidents of non-compliance with laws and regulations related to providing a safe working environment and protecting employees from occupational hazards that had a material impact on the Group.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **B3: Development and Training**

The continued development of employees serves as a foundation for the Group's business growth. Therefore, the Group has developed a series of specific policies to enhance employees' professional knowledge and career skills, helping them to continuously improve and fully realize their potentials in their respective positions. At the same time, experienced and highly skilled employees contribute to the realization of the Group's development strategies.

To help new employees quickly familiarize themselves with workflows, codes of conduct, organizational structure and staff composition, each department of the Group conducts training sessions for its new employees. This effectively shortens the required time for new employees to become proficient in their roles, and helps them adapt to the working environment and deepens their understanding of the Group's values and corporate culture.

In addition, to further enhance employees' knowledge and skills, each department develops annual training plans based on Company's business development needs and employee capability assessment results. These training plans primarily consist of internal training sessions, supplemented by external training arrangements, for incumbent staff, specialized personnel, and management. Incumbent staff members are required to attend training annually as per the training plan to enhance and strengthen their professional skills. Specialized personnel are required to attend training on special work procedures and relevant job content at least annually. In addition, employees in regulated special occupations, such as electricians and drivers, are required to undergo professional training and qualification assessments in order to obtain relevant certifications. On the other hand, inhouse internal auditors within the management are required to complete training arranged by national authorized qualification accreditation and consultancy institutions and shall be certified for employment. Accounting staff should engage in continuous training to maintain their professional qualifications, including financial reporting functions, taxation training, and accounting practices. Management personnel receive training tailored to their actual job requirements and the Group's development direction, enabling them to acquire the latest knowledge and theories of the relevant business, keep abreast of industry and Group development strategies, and thereby enhance governance standards.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure that every employee is competent and commensurate with the job requirements of their roles, each department is required to evaluate and provide feedback on employee’s working capabilities at the end of each year, and strive to continuously provide employees with sufficient and appropriate resources for training and development, keeping them updated with latest information on market and industry development. At the same time, we aim to improve their performance and enable self-development in their positions.

### *Performance indicators in staff development and training*

During the Reporting Period, the percentage of employees trained of the Group reached 83% (2024: 89%). The average training hours completed per employee was approximately 4.17 hours (2024: 4.44 hours). Training content included quality system training, management system training, corporate targets and indicators, environmental factors, sources of hazards, relevant laws and regulations, finance skills and taxation, and position-specific training, enabling employees to achieve comprehensive improvements in their work capabilities.

During the Reporting Period, the percentage of employees trained and average training hours completed per employees of the Group were as follows:

Employee Category		Percentage of employees trained (%)		Average training hours completed per employees (in hours)	
		Year 2025	Year 2024	Year 2025	Year 2024
By gender	Male	55	58	4.29	4.71
	Female	45	42	4.00	4.00
By employee type	Senior management	40	33	5.00	7.50
	Middle management	5	4	30.00	15.00
	Frontline staff	55	63	2.00	1.76



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B4: Labour Standards

During the Reporting Period, the Group has complied with all applicable laws and regulations prohibiting the employment of child and forced labour, including Law of the People's Republic of China on Prevention of Juvenile Delinquency (《中華人民共和國未成年人保護法》), Provisions of the People's Republic of China on the Prohibition of Using Child Labour (《中華人民共和國禁止使用童工規定》) and the Employment of Children Regulations (《僱用兒童規例》). The Group has formulated specific policies to eliminate illegal acts such as hiring child and forced labour. We have no tolerance to such acts and are committed to protecting the rights and interests of children and workers. To prevent hiring child labour (i.e. persons under the age of 18) and forced labour, prior to hiring, the Group carefully verifies the identity information of its employees and requests them to submit copies of relevant identity documents, ensuring that the information provided is true and accurate and that employment complies with legal requirements. Any falsified documents or identification are treated as fraudulent behavior. The Group has the right to terminate the labour contract with the relevant employee without assuming any compensation liability. In the event that any child or forced labour is discovered at the operating site, we will promptly investigate and implement corrective plans to ensure that the loopholes are plugged, thus preventing similar occurrences in the future.

The Group has also formulated a Staff Compliance Handbook to ensure that the operational management and all employee conduct adhere to the laws, regulations and codes, and ensure compliance in operation. In addition, the Group upholds the philosophy of "work-life balance" and is committed to providing employees with a relaxing and harmonious working environment. During the Reporting Period, the Group implemented a five-day workweek with 8 working hours and 1 hour of lunch break per day, and strictly controlled the overtime hours, so as to allow employees to have adequate rest and to boost staff morale.

No non-compliance with employment of child nor forced labour was arisen during the Reporting Period (2024: 0 cases).



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### (ii) Operating Practices

#### B5: Supply Chain Management

The Group is aware of the environmental and social risks along the supply chain, and fully identified and monitored the potential environmental and social risks, including those related to health and safety, labour rights, environmental protection, and business ethics. The Group believes that the quality of our products is directly affected by the materials provided by suppliers. Whether the materials provided by suppliers are eco-friendly and safe may directly have a significant impact on the Group's production processes, the environmental benefits of its products, and their health and safety performance. Therefore, to mitigate social and environmental risks within the supply chain, the Group has formulated policies to manage and monitor its supply chain and has developed specific standards and measures for supplier selection.

The Group has stringent requirements on material suppliers. Those that may cause environmental and major occupational health and safety incidents are considered as key stakeholders upon whom influence is to be exerted. They are included in "the List of Key Influential Stakeholders" approved by the management for monitoring purposes. Suppliers not featured in the list are considered as general stakeholders.

The quality assurance department and the relevant responsible departments each maintain a copy of this list so that the relevant departments can closely monitor the impact of such stakeholders on the Group and take preventive measures. These measures include (i) the quality assurance department controlling and collecting information on material environmental indicators and various activities conducted at production sites; (ii) the purchasing, planning and production department disseminating the relevant information to the above key stakeholders, and requiring them to understand the relevant approach and objectives of the Group and to provide compliant products and on-site services as specified; and (iii) the quality assurance department strengthening the acceptance inspection of incoming materials and controlling environmental indicators of materials, timely contacting the stakeholders if any non-compliance detected, and taking necessary penalty and corrective measures.

#### *Performance indicators in supplier engagement and monitoring*

As at the end of the Reporting Period, the Group had 9 qualified suppliers (2024: 8 suppliers), including 5 located in Hong Kong and 4 located in China. The qualified suppliers provided electronic products, including mobile communication devices, accessories, LED products, AI and other equipment.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Geographical region	Number of suppliers		Proportion	
	2025	2024	2025	2024
Hong Kong	5	6	56%	75%
China	4	2	44%	25%
Total	9	8	100%	100%

To maintain an effective and sustainable supply chain, the Group has implemented a supplier management system to properly assess the qualifications and performance of its suppliers. For management and control purposes, the Group classifies suppliers into three levels, namely core, important and general. New suppliers are assessed and selected based on their categories including: (i) examining their quality assurance capabilities or quality assurance systems; (ii) evaluating their supply capacity, after-sales services and contract performance ability; and (iii) carrying out trial installation and trial use of samples provided by suppliers. At the end of each year, the purchasing department coordinates with the R&D department and quality assurance department to jointly review the performance of suppliers in terms of three areas, namely quality, delivery and pricing. During the Reporting Period, the Group has implemented the above established supplier management procedures to all suppliers, and all existing suppliers fulfilled our requirements.

Moreover, for suppliers who fail to meet evaluation standards, if cooperation is to be resumed, they must be re-evaluated in accordance with the new supplier selection process so as to ensure suppliers' qualifications align with our requirements and enable effective monitoring.

The Group fully recognizes the importance of environmental protection and has incorporated sustainable elements into its procurement decision-making process. We prioritize products from potential suppliers that comply with the standards under the Restriction of Hazardous Substances Directive adopted by the European Union, so as to reduce the environmental pollution brought by the products. When selecting product suppliers, the Group will also give preference to well-known suppliers with reputation in environmental and social aspects, seeking suppliers who are committed to practicing sustainability practices alongside us. The Group attaches importance to the environmental impacts of the purchased goods and services. Wherever feasible, the Group chooses more environmentally friendly products or services to minimize negative impacts on the environment and human health.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### B6: Product Responsibility

In a market with intense competition, customer requirements for products and services are increasingly demanding. The Group understands that the importance of maintaining strong relationship with customers. Through the continuous interaction with customers, the Group can gain insights into the evolving market demands for the products and procures from qualified suppliers based on customer needs, thereby seizing market opportunities in a timely manner. The Group firmly believes that earning customer trust and support is achieved only by creating the greatest value for them. Therefore, the Group endeavours to stringently control product quality and is committed to fully complying with laws and regulations relating to product responsibility, so as to boost customers' confidence in the products and services of the Group.

The Group has established strict product responsibility policy and employee compliance manual which employees are required to strictly adhere to. The departments of the Group regularly provide employees with professional knowledge training on product responsibility through meetings or training sessions, to help them to understand the applicable laws and regulations relating to product responsibility in business operations, including the Product Quality Law of the People's Republic of China (《中華人民共和國產品品質法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》) and the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》). These initiatives aim to enhance employees' awareness of the importance of product responsibility. The Group complies with the Law of the People's Republic of China on Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》) by providing consumers with truthful information about its products and services, and forbidding any false or misleading advertising.

#### *Performance indicators in product responsibility*

During the Reporting Period and the previous year, the Group's products complied with the requirements under the Restriction of Hazardous Substances Directive adopted by the European Union national standards. The Group was not aware of any non-compliance incidents relating to product responsibility and there was no product recall due to safety and health reasons.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has set up procedures for dealing with customer complaints and proposed a customer satisfaction indicator for 2025 of 86% (2024: 86%). To ensure prompt resolution of customer complaints and the provision of quality service, the sales department staff will immediately communicate with customers upon receiving complaints. Swift corresponding actions will be taken to address customers' concerns, ensuring complaints are resolved in a timely and proper manner. During the Reporting Period, the Group did not receive any complaints in relation to its products or services (2024: 0 complaints). In 2025, the Group achieved service satisfaction of 88% (2024: 88%).

Given that the nature of its business, which is wholesale sales, the Group's products do not involve sensitive or confidential consumer data. To strengthen the protection of its intellectual property rights, the Group encourages and guides its employees to foster a strong awareness of the confidentiality and strictly comply with confidentiality regulations. Employees are bound by the Group's confidentiality policies and employee compliance manual during their employment. Those holding special positions shall sign a Confidentiality and Non-Compete Agreement, which includes confidentiality clauses related to product transactions data, business strategies and production techniques of products, etc., to rigorously safeguard the Group's intellectual property. Employees on re-designation, no-pay leave, resignation and retirement, as well as external personnel who have finished learning and studying or temporary employment, shall return to the Group all technical information, experiment records, materials, samples and prototypes, products, devices and drawings before their departure. They bear a long-term confidentiality obligation regarding the technical content and information they accessed.

The Group spares no effort in product quality management, and has developed stringent production operation and quality control processes. Clear working guidelines are provided to staff members to maintain quality standards of its products. The Group has established the Procedures for Product Monitoring and Measuring Control to regulate the procedures for quality assurance. Both the production process and final products are subjected to inspection and control by the factory. User simulation tests on product performance are conducted to determine the overall performance of the products. The quality assurance department is responsible for supervision and providing corresponding technical support to ensure product quality and qualification rates. During the Reporting Period, the first-time inspection pass rate of the products was 98% (2024: 98%), demonstrating the continued effectiveness of our product quality management system.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Furthermore, the quality assurance department has coordinated with relevant departments to obtain and identify laws, regulations and other requirements applicable to the quality of the Group's products or services, and has formulated specific measures to regularly follow up the status of products and update the information in a timely manner. The department will also disseminate the latest information to the relevant departments to ensure that the product quality meets all relevant requirements. In the event of a product needs to be recalled after delivery, sales department staff will contact relevant customers as soon as possible, promptly track the product flow, and ensure products with quality issues can be quickly recalled from the market, so as to minimize the potential impacts of defective products on the public.

### **B7: Anti-corruption**

The Group is committed to maintaining high standards of corporate governance. Anti-corruption and anti-fraud have always been the core philosophy of its internal governance. The Group strives to combat any unlawful acts in the course of business and eradicate any acts of bribery, extortion, fraud and money laundering. During the Reporting Period, the Group has fully complied with the relevant laws and regulations of China and Hong Kong relating to bribery, extortion, fraud and money laundering, including the Prevention of Bribery Ordinance, the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Criminal Law of the PRC (《中華人民共和國刑法》), Anti-Unfair Competition Law of the PRC\* (《中華人民共和國反不正當競爭法》) etc.

The Group has designated the Audit Committee as the permanent committee for anti-fraud, which shall be responsible for guiding anti-corruption and anti-fraud activities, and organizing and executing cross-departmental and company-wide anti-fraud work. In addition, the Group has established a set of sound and effective anti-fraud procedures, including fraud risk assessment, prevention, reporting and investigation. We closely monitor the latest regulatory developments concerning anti-money laundering and counter-terrorist financing and provide relevant training to all directors as needed. This ensures that directors maintain vigilance against corruption risks and upholds a strong culture of corporate governance.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established and published whistleblowing channels, supporting all employees and other persons to report, expose, and disclose actual or suspected unethical misconduct through confidential and/or anonymous means such as hotline, mailbox and email and/or channels for. All reports, upon receipt, will be followed up and handled by members of the Audit Committee, and will be investigated in a comprehensive, impartial and fair manner as far as possible, and corrective or remedial actions will be taken promptly. During the Reporting Period, the Group did not receive any reported cases regarding corrupt practices (2024: 0 cases).

During the Reporting Period, no concluded legal cases regarding corruption brought against the Group or its employees (2024: 0 cases).

### (iii) Community

#### B8: Community Investment

We deeply understand that as a socially responsible corporate citizen, we must strengthen our links with the communities where we operate and contribute to community building and development. However, due to the challenging business environment, the Group has not put resources on the community directly in the past few years (including the Reporting Period). We will continue to seek appropriate opportunities to participate in community contributions in future. We have also integrated social care into our daily operations by encouraging employees to get involved in community and charity activities, demonstrating care and compassion within the community, striving to make positive contributions to the community.

## CLIMATE-RELATED DISCLOSURES

### Climate Change

Through ongoing communication with stakeholders, we recognize that climate change has become one of the most critical ESG issues globally. The Group has made reference to the disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (“TCFD”) and the *Guidance on Climate Disclosures and the Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework*, published by the Hong Kong Stock Exchange in November 2021 and April 2024, respectively, in overseeing Climate-related matters as well as preparing relevant disclosures. The disclosures are made across four thematic areas: “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets”.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## GOVERNANCE

In supervising climate-related matters, the key responsibilities and duties of our ESG Governance Bodies include the following:

### Board of Directors

- Holds overall responsibility for the Group's sustainable development
- Oversees the formulation of the Group's climate-related strategies, objectives, risks and opportunities, monitoring measures and procedures
- Ensures the Group maintains effective risk management and internal control systems, and implements effective environmental, social and governance initiatives

### Senior Management

- Identifies key climate-related risk and opportunities through regular risk assessment processes, provides recommendations to the Board on corresponding mitigation and adaption plans measures and reports to the Board on the progress and achievement of the established plans and targets
- Leads subsidiaries and functional departments in implementing ESG strategies and policies approved by the Board

### Functional Departments

- Implements ESG strategies and policies approved by the Board and reports on implementation progress to Senior Management
- Collects climate-related information and data to support the preparation of the ESG report

In ensuring that our ESG Governance Bodies possess the appropriate skills and competencies in overseeing climate-related matters, our directors and management maintain continuous dialogue with external advisors to stay abreast of the latest requirements in climate-related disclosures and regulations. We also arrange tailored training sessions for our directors and management, where appropriate. The training offered includes internal programs organized within the Group and external programs delivered by external advisors.

The Group has incorporated ESG matters (including climate-related aspects) into the corporate governance framework. Going forward, we will formulate a set of long-term, stable, and practical ESG targets based on data generated from actual operations and government policy directions, which will serve as the basis for evaluating and measuring the remuneration of directors and senior management. Accordingly, the Group is considering the timely inclusion of ESG performance indicators into its remuneration policy.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### STRATEGY

Our ESG Governance Bodies identify climate-related risks and opportunities relevant to the Group through regular risk assessments (as disclosed in the Corporate Governance Report under the section “Risk Management and Internal Control”). Through conducting risk assessments, we assess the potential impacts of these risks and opportunities, thereby formulating appropriate response strategies and measures. These include considering and establishing indicators and targets applicable to the Group to monitor the impacts of climate change. By regularly comparing the achievement of current and prior indicators and targets, the Group evaluates the effectiveness of its climate change mitigation measures.

In the context of climate-related risks and opportunities, physical risks refer to the direct impacts of climate change, including acute risks triggered by extreme weather events and chronic risks arising from long-term shifts in climate patterns; transition risks refer to the potential risks that may emerge during the process of transitioning to a low carbon economy; climate-related opportunities represent the potential benefits arising from proactive responses to climate change.

We are implementing environmental protection measures to align our business with global sustainable development policies and international commitments (such as the “Hong Kong Climate Action Plan 2050” and the Paris Agreement), thereby reducing greenhouse gas emissions and enhancing climate resilience. However, given current data and resource constraints, we have not yet conducted climate scenario analyses in accordance with the latest ESG implementation guidelines. We are in the process of enhancing our climate governance framework and will, in due course, carry out specific climate scenario analyses, thereby formulating long-term plans and business strategies that will further support the Group’s sustainable development.

Based on the definitions of physical risks, transition risks and opportunities, we have categorized the key climate-related risks and opportunities we primarily face, the affected assets and business activities, the relevant time horizons, the potential impacts, as well as the strategies we adopt to mitigate or adapt to these risks and opportunities, as set out below:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
<b>Physical Risks</b>				
Extreme Weather Events (e.g., Tropical Cyclones and Heavy Rainfall)	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Short term	Extreme weather events represent acute physical risks arising from climate change, which may directly affect the Group and disrupt daily business operations. For example, storms and heavy rainfall may cause traffic congestion, resulting in employee absenteeism and reduced working hours, while also disrupting the supply chain of key materials and goods. Fallen trees may endanger employee safety during commutes and severe storms may damage buildings, including office premises and critical data stored within, as well as interrupt energy and water supply. These impacts could reduce productivity and revenue, disrupt supply chains and increase maintenance, repair and insurance expenses	<ul style="list-style-type: none"> <li>• Develop employee health and safety programs, including regular identification of workplace hazards and removal of safety risks (e.g., excessive stacking of files), regular disaster drills and provision of protective equipment</li> <li>• Provide remote work and flexible work arrangements for employees</li> <li>• Enhance building and equipment protection designs, adjust the distribution of key assets, or expand insurance coverage</li> <li>• Strengthen data backup (including off-site backup)</li> <li>• Expand supplier networks to ensure sufficient alternative suppliers</li> <li>• Establish disaster recovery and business continuity plans</li> <li>• Improve supplier communication, establish alternative transportation routes and maintain safeguarded inventories of critical materials</li> <li>• Explore and establish backup energy and water systems, such as generators and water storage facilities</li> </ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
Chronic Climate Change, including rising average temperatures, changing rainfall patterns and increasing severity of floods	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Long term	Chronic climate change represents chronic physical risks, which over time may create deteriorating working environments and affect employee health, while posing challenges to the storage, transportation and operation of temperature and humidity-sensitive inventories and equipment, accelerating their damage, depreciation and aging. Over the long term, these impacts will increase the Group's costs of safeguarding employees and assets, such as higher electricity expenses from intensified air-conditioning use, which also indirectly raises greenhouse gas emissions and exacerbates global warming. In addition, increases in rainfall magnitude and intensity may easily cause flooding that damages goods and facilities, requiring enhanced waterproofing, moisture-resistant and drainage designs for buildings, as well as expanded insurance coverage. These could lead to higher operating and insurance costs and may even adversely affect asset valuation	<ul style="list-style-type: none"><li>• Establish and maintain effective asset protection policies and procedures</li><li>• Implement environmental and energy-saving measures (including those disclosed in the “Use of Resources” section), set greenhouse gas emission targets (details in the “Metrics and Targets” section), monitor and continuously reduce emissions</li><li>• Upgrade air-conditioning systems and improve building ventilation and heat dissipation to enhance energy efficiency</li><li>• Strengthen waterproofing, moisture-resistant and flood-protection designs at key locations (such as offices and warehouses)</li><li>• Conduct regular maintenance and timely upgrades of climate-resilient equipment</li><li>• Review and adjust asset insurance coverage</li></ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
<b>Transition Risks</b>				
Policy and legal risks, including strengthened emission reporting requirements, the introduction of new environmental policies by the government, regulation of products and potential carbon pricing mechanisms	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium term or long term	Policy and legal risks represent transition risks, referring to potential challenges arising from changes in the regulatory environment during the process of transitioning to a low carbon economy. As policies and regulations become more stringent, compliance costs may rise, including the gradual enhancement of ESG data collection mechanisms to meet the latest disclosure requirements, as well as increased consultancy fees to stay abreast of regulatory updates and compliance obligations. Failure to meet requirements could result in penalties or fines. The development of high emission products and services may also be adversely affected, as mandatory measures may require reductions in their production and provision, or compulsory changes to product and service specifications. These impacts could lead to demand reduction, render certain industries no longer profitable and force accelerated transition involving early asset retirement, financing activities and significant capital expenditures. In addition, carbon taxes or related fees may raise operating costs, further intensifying financial pressures	<ul style="list-style-type: none"> <li>• Closely monitor articles and circulars issued by regulators on policy developments</li> <li>• Establish dedicated roles for monitoring and internal review, or engage professional external advisors, to identify regulatory changes early and ensure compliance</li> <li>• Plan business transformation initiatives in advance to refine products and services in line with future standards, while addressing capital requirements for transition</li> <li>• Strengthen ESG data collection and disclosure processes to enhance transparency</li> <li>• Conduct compliance training to improve employee awareness of policy and legal requirements</li> </ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
Technology Risk, including substitution of existing products with lower-emission alternatives	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium term or long term	Technology risk is a type of transition risk, referring to challenges that may arise during the shift to a low-carbon economy due to technological improvements. If the technologies adopted by the Group become outdated, there is a potential risk of substitution by lower-emission alternatives. As a result, the Group may need to increase capital expenditure to invest in and introduce new technologies and assets, while retiring existing assets earlier than expected. During the process of technological improvement, productivity may temporarily decline as operations adapt to new technologies and business processes, affecting efficiency. In addition, if technology investments fail or remain immature, this could lead to resource misallocation and financial losses	<ul style="list-style-type: none"> <li>Strengthen research and development investment to reduce the risk of substitution by new technologies</li> <li>Conduct comprehensive feasibility studies prior to investment to ensure capital expenditure is justified and aligned with long-term strategy</li> <li>Develop phased asset renewal plans to gradually retire high-emission assets</li> <li>Provide employee training to accelerate adaptation to new technologies and processes</li> </ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
Market and Reputation Risk, including shifts in consumer preferences	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium term or long term	Market and reputation risks are transition risks that arise from changes in market demand and reputational impacts. As consumers, investors and other stakeholders place increasing emphasis on ESG performance, failure to adapt products and services to meet low-carbon and sustainability requirements may result in reduced demand and loss of market share, particularly as consumer demand for high-emission products and services declines, directly impacting revenue. In addition, if environmental performance falls short of public or investor expectations, reputational damage may occur, leading to industry stigmatization that affects talent recruitment and retention and potentially causing loss of investor confidence or divestment. These outcomes undermine brand value and financing capacity, resulting in revenue reduction, higher financing costs and intensified transition pressures	<ul style="list-style-type: none"> <li>• Closely monitor consumer preferences and market trends to adjust product positioning and specifications in advance</li> <li>• Strengthen brand management and stakeholder communication</li> <li>• Enhance ESG disclosure transparency and promote adopted low carbon and environmental policies</li> <li>• Establish reputation crisis response mechanisms</li> <li>• Explore new markets</li> </ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
<b>Opportunities</b>				
Use of new technologies or low-emission energy	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium term or long term	Technology and energy transition present opportunities for the Group. The use of new technologies or low-emission energy can reduce emissions, improve energy efficiency, enhance sustainability performance and strengthen brand image and reputation. These measures not only support compliance with regulatory and market expectations but also deliver cost savings that improve operational efficiency and long-term competitiveness	<ul style="list-style-type: none"><li>• Collaborate with research institutions or suppliers to explore areas for applying low-carbon technologies and energy</li><li>• Identify opportunities and invest in adopting low-emission energy and new technologies</li><li>• Strengthen promotion of adopted low-carbon technologies to enhance market recognition and consumer trust</li></ul>
Access to new markets	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium term or long term	Market transition brings positive impact to the Group. Entering new markets can expand the customer base and revenue streams, enhancing the Group's profitability. Such transition also drives business growth and strengthens overall competitiveness	<ul style="list-style-type: none"><li>• Strengthen market research to understand demand for low carbon products (including consumer preferences and regulatory requirements)</li><li>• Develop products that meet low carbon standards</li><li>• Obtain policy support and incentive schemes</li><li>• Establish or expand partnerships</li></ul>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Affected asset or business activities – Amount and Percentage	Time Horizon	Description and Potential Impact	Mitigation/Adaptation Measures
Brand image and reputation	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium or long term	Consistently supporting and advancing low-carbon and sustainability strategies creates reputational opportunities for the Group. These actions enhance market recognition, attract more investors and top talent, while a strong corporate image also helps broaden customer and supplier partnerships, further supporting the Group’s business expansion and long-term development	<ul style="list-style-type: none"> <li>• Consistently promote low-carbon and sustainability strategies</li> <li>• Strengthen ESG disclosure and promote the Group’s environmental initiatives to enhance transparency</li> <li>• Obtain government or authoritative certifications where appropriate</li> </ul>
Resilience	All business segments – RMB579,238,000 (Representing 100% of total asset value)	Medium term or long term	Enhancing preparedness for climate change in advance creates resilience opportunities for the Group. By identifying climate risks in advance, closely monitoring changes and taking appropriate actions, the Group can better withstand climate impacts, reduce operational disruptions, minimize asset losses and transition risks and provide greater stability for sustainable business development	<ul style="list-style-type: none"> <li>• Closely monitor climate change developments</li> <li>• Strengthen climate risk identification and assessment</li> <li>• Invest in infrastructure and technology to enhance disaster resilience</li> <li>• Expand insurance coverage in susceptible areas</li> <li>• Develop disaster recovery and business continuity plans</li> <li>• Strengthen collaboration with the supply chain</li> </ul>

Going forward, we will continue to strengthen communication with stakeholders, including employees and business partners, and work together to provide additional resources for climate change mitigation activities, such as collaborating with employees to reduce electricity consumption and partnering with banks to provide financing support, thereby supporting the achievement of our goals.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### CURRENT AND EXPECTED FINANCIAL IMPACTS AND TRANSITION PLAN

Taking into account the climate-related risks and opportunities identified above, as well as the Group's existing resources and operations, the Board and senior management have not, at this stage, identified any risks or opportunities that could result in significant and readily quantifiable financial impacts on the Group in the short and medium term, including impacts on cash flows, access to finance, or cost of capital, nor any that would require immediate transition measures. The long-term financial impacts cannot be reliably projected. Accordingly, the response and adaptation measures outlined above only reflect the Group's anticipated response to climate-related risks and opportunities. At present, there are no quantified figures or transition plans available for the purpose of disclosure, including capital commitments, financing activities, investments, or asset disposals. The Group will closely monitor and regularly review the existing climate-related risks, opportunities and strategies through ongoing risk assessments, and will formulate and implement transition plans as necessary to address risks and strengthen its competitiveness and sustainability.

### CLIMATE RELATED RISK MANAGEMENT

The Group has been maintaining effective risk management and internal control systems as part of good corporate governance. Under the existing systems, risk assessment is conducted annually, led by the Audit Committee and submitted to the Board for approval upon completion. The scope of risk assessment covers all major business segments of the Group, including those defined under the "Reporting Boundaries" above. Details of the risk assessment are disclosed in the "Risk Management and Internal Control" section of the Corporate Governance Report.

Climate change is a challenge faced by all of humanity. Issues such as global warming, rising sea levels, and more frequent extreme weather events may impact global business and our daily operations. The Group is aware of the government's continued focus and strengthening of policies on climate and environmental issues. We actively align with the direction of environmental protection policies and have incorporated climate change into our risk management framework as one of the assessment items in risk evaluation.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board of Directors and the Audit Committee meet regularly to identify and assess the potential impact of climate change risks on the Group's operations, and actively study and review measures to address potential climate change risks, ensuring that the business has sufficient capacity to withstand such climate risks in the future. The risk coordinator designated by the Audit Committee, with the assistance of an external professional consultant, collects evaluations from risk owners of each major business segment (typically department heads or senior management) through questionnaires and/or interviews. The process includes risk identification, assessment of the nature, likelihood and impact of risks, consideration of existing mitigation measures and internal controls, as well as recommendations from risk owners on further mitigating the identified risks (if any). These risks are consolidated at the Group level, comprehensively assessed and analyzed, and ranked by nature and materiality. Due to data and resource constraints, we have not yet conducted climate scenario analysis. During the Reporting Period, we conducted risk assessments using the same procedures as those applied in the previous year. The detailed results of the assessment are disclosed in the "Strategy" section above.

Through regular risk assessments conducted using a consistent methodology, management is able to track significant changes in the nature and extent of each risk item and evaluate the effectiveness of mitigation efforts.

### METRICS AND TARGETS

To ensure sustainable development, the Group has established KPIs to monitor progress on environmental protection initiatives. During the preparation of annual ESG reports in accordance with Listing Rules requirements, data is gathered through our established data collection system to measure the achievement status of each KPI, reported to the Board for review, approval and subsequent disclosure. We strongly believe that conducting regular assessments of metrics and targets and disclosing the results to the public is the most direct and effective way to fulfill our environmental responsibilities.

With respect to climate change, the Group has established certain qualitative and quantitative metrics and targets. Their categories, base periods (if applicable), objectives, nature, scope of application, achievement status and analysis of trends based on historical performance are set out below:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Existing Metrics and Targets

Category	Objective	Nature	Scope
<b>Greenhouse Gas Emissions</b>			
Scope 2 GHG Emissions (Total, location-based) – A 15% reduction in emissions in 2028 compared to 2025	Monitor and mitigate global warming and climate change	Quantitative absolute target	all businesses
Scope 2 GHG Emissions (Intensity, location-based) – A 15% reduction in emission intensity in 2028 compared to 2025	Monitor and mitigate global warming and climate change	Quantitative intensity target	all businesses
Scope 3 (Category 5 – Waste Generated in Operations) GHG Emissions (Total) – A 5% reduction in emissions in 2028 compared to 2025	Monitor and mitigate global warming and climate change	Quantitative absolute target	all businesses
Scope 3 (Category 5 – Waste Generated in Operations) GHG Emissions (Intensity) – A 5% reduction in emission intensity in 2028 compared to 2025	Monitor and mitigate global warming and climate change	Quantitative intensity target	all businesses
Achieving net-zero emissions by 2050 jointly with international institutions, gradually reducing emissions	Monitor and mitigate global warming and climate change	Qualitative target	all businesses
Formulate low-carbon transition plan	Enhance resilience to climate change	Qualitative target	all businesses



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Category	Objective	Nature	Scope
<b>Others</b>			
Total electricity consumption – A 15% reduction in electricity consumption in 2028 compared to 2025	Reduce resource consumption and indirectly mitigate global warming and climate change	Quantitative absolute target	all businesses
Electricity consumption intensity – A 15% reduction in electricity consumption intensity in 2028 compared to 2025	Reduce resource consumption and indirectly mitigate global warming and climate change	Quantitative intensity target	all businesses
Total water consumption – Total electricity consumption – A 5% reduction in water consumption in 2028 compared to 2025	Reduce resource consumption and indirectly mitigate global warming and climate change	Quantitative absolute target	all businesses
Water intensity – A 5% reduction in water consumption intensity in 2028 compared to 2025	Reduce resource consumption and indirectly mitigate global warming and climate change	Quantitative intensity target	all businesses
Waste disposal (including paper and packaging materials) – A 10% reduction in waste disposal in 2028 compared to 2025	Reduce emissions from downstream waste treatment and indirectly mitigate global warming and climate change	Quantitative absolute target	all businesses
Waste intensity (including paper and packaging materials) – A 5% reduction in waste disposal intensity in 2028 compared to 2025	Reduce emissions from downstream waste treatment and indirectly mitigate global warming and climate change	Quantitative intensity target	all businesses



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Performance Summary

Category	Unit	Year 2025	Year 2024
<b>Greenhouse Gas Emissions</b>			
Scope 2 (purchased electricity) GHG Emissions (Total, location-based)	Metric tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	8.94	14.95
Scope 2 GHG (purchased electricity) Emissions (Intensity, location-based)	Metric tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)/ number of employees	0.37	0.55
Scope 3 (Category 5 – Waste Generated in Operations) GHG Emissions (Total)	Metric tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	0.0720	0.1000
Scope 3 (Category 5 – Waste Generated in Operations) GHG Emissions (Intensity)	Metric tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)/ number of employees	0.0030	0.0037
GHG Emissions (Total)	Metric tonnes	9.01	15.05
GHG Emissions (Intensity)	Metric tonnes/ number of employees	0.38	0.56
Achieving net-zero emissions by 2050 jointly with international institutions, gradually reducing emissions	Not applicable	In progress	Not formulated
Formulate low-carbon transition plan	Not applicable	Not formulated	Not formulated
<b>Others</b>			
Total electricity consumption	Kilowatt hours (kWh)	18,004	23,025
Electricity consumption intensity	Kilowatt hours (kWh)/ number of employees	750.19	852.79
Total water consumption	Cubic metres (m <sup>3</sup> )	151.61	155.00
Water intensity	Cubic metres (m <sup>3</sup> )/ number of employees	6.32	5.73
Waste disposal (including paper and packaging materials)	Metric tonnes	0.045	200.05
Waste intensity (including paper and packaging materials)	Metric tonnes/ number of employees	0.0019	7.14



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the nature of the Group's business and actual circumstances, the Group has not yet generated any greenhouse gas emissions under Scope 1. If the Group incurs any energy consumption under Scope 1 in the future, it will collect relevant data for disclosure.

During the Reporting Period, thanks to the active implementation of energy-saving and emission-reduction measures, the Group's total greenhouse gas emissions decreased by approximately 40% compared to the previous year. This decrease was mainly due to a reduction in electricity consumption. The Group will continue to strictly control resource consumption and comply with the relevant provisions of its performance indicators.

Regarding other indicators, since the Group did not generate any packaging material consumption during the Reporting Period, the amount of waste disposed of decreased significantly compared to the previous year.

### ADDITIONAL INFORMATION ON INDICATORS AND TARGETS

According to research by the IPCC and the United Nations Framework Convention on Climate Change (UNFCCC), anthropogenic greenhouse gas emissions have been identified as the primary driver of modern climate change. Accordingly, the Group's targets focus on greenhouse gas emissions, covering both direct and indirect emissions. These targets enable us to align with local government and international reduction commitments, while comprehensively mitigating the impacts of climate change. The existing targets of the Group have been determined with reference to the nature of our business, as well as the relevance and materiality of the subject being monitored. These targets have not been subject to third party verification nor have they been derived using a sectoral decarbonisation approach. Looking forward, we will take into account peer ESG disclosures, the latest regulatory requirements, the latest international agreement on climate change (including jurisdictional commitments that arising from that agreement), as well as ongoing guidance and support from regulators, to update and establish indicators and targets applicable to the Group, including both cross industry and industry specific indicators.

We are guided by performance indicators, the Group monitors progress toward achieving these indicators through a series of energy-saving and emission-reduction measures in our business operations, and we are committed to reducing greenhouse gas emissions. During the reporting period, the Group's greenhouse gas emissions were primarily derived from purchased electricity (Scope 2). We regularly monitor electricity consumption data, timely identify and take action based on abnormal consumption situations. In addition, we strengthen electricity consumption monitoring in our operations through a series of measures, such as encouraging employees to conserve electricity and ensuring that all equipment remains turned off during non-use periods.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other sources of greenhouse gas emissions from the Group also include water supply and wastewater treatment arising from operations (Scope 3 – Category 5). A series of measures have also been taken to address the above emission sources, and such measures have been disclosed in the “Resource Use” section of this report.

Greenhouse gas emissions are measured in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)*. Under this standard, greenhouse gas emissions are categorized into three scopes:

- Scope 1 – Direct emissions from company operations, including stationary sources, mobile combustion sources (covering land, air and marine transport), refrigerants (including hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs)), and deductions for removals from newly planted trees.
- Scope 2 – Indirect emissions from energy use, primarily arising from electricity and town gas consumption.
- Scope 3 – Other indirect emissions generated by the entity’s business activities but from sources not directly controlled by the entity.

The greenhouse gases covered include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>). Based on our current operations, the Group’s major emission is carbon dioxide, and such emissions are disclosed in metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e).

The measurement involves multiplying activity data from each emission source (e.g., energy consumption under Scope 2 and Waste Generated in Operations under Scope 3, category 5) by the corresponding emission factors and global warming potential (GWP) values, where applicable. Activity data is obtained through the Group’s data collection system, while emission factors and GWP values are sourced from international and local regulators, academic institutions and public utility organizations, and are updated as necessary. We have assumed that activity data, emission factors and GWP values remain consistent during the preparation of the ESG report, and that the ESG report preparers apply consistent methodologies and principles, thereby ensuring the comparability of emissions across reporting years and among different companies. In compliance with the ESG Reporting Code, we quantified Scope 2 emissions using a location based method and disclosed Scope 3 emissions in accordance with the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Intensity values are calculated by dividing the total emissions, total energy or total water consumption by the total number of employees who were employed during the year. The number of employees for the current and the previous year were 24 and 27 respectively.

With reference to the *Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework*, the Greenhouse Gas Protocol is one of the most commonly used global frameworks to measure and manage GHG emissions from private and public sector operations, value chains and mitigation actions. It establishes five key principles – Relevance, Completeness, Consistency, Transparency and Accuracy – to ensure a true and fair representation of greenhouse gas emissions. Adoption of the *Greenhouse Gas Protocol* enables us to meet Listing Rules requirements and enhances the quality of our ESG reporting.

Based on the Group's industry and business nature, no significant direct corporate emissions were generated. Therefore, Scope 1 greenhouse gas emissions are not applicable to the Group.

For Scope 2 emissions, the Group has not entered into any contractual instruments or arrangements with electricity suppliers. Therefore, supplier specific emission factors are not applicable, and our measurement is based on emission factors commonly adopted in the regions where we operate.

Due to limitations in data collection, we have not yet been able to comprehensively gather all Scope 3 emission data applicable to the Group for disclosure. With reference to the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)*, Waste Generated in Operations under Scope 3, category 5 is applicable and material to us. We will strengthen engagement with relevant stakeholders and continue to improve our data collection system to obtain reliable data for timely disclosure. We believe that increasing regulatory requirements and growing public attention to ESG matters will facilitate the establishment of a more effective data collection system.

During the Reporting Period, we have not changed the methodologies, input data, or assumptions for greenhouse gas measurement. Furthermore, to strengthen the monitoring of the Group's impact on the climate, we have added the above-mentioned greenhouse gas-related indicators and targets.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In assessing whether the established metrics and targets have been achieved, the Group reviews past business activities during the preparation of annual ESG reports. For quantitative targets, achievement is determined by comparing the results – measured using the measurement approach described above – against the set targets. Apart from greenhouse gas emissions, this ESG report sets out in the “Emissions” and “Use of Resources” sections the details and performance of our efforts in emission reduction and energy efficiency.

Given that internal carbon pricing systems and carbon credit mechanisms for offsetting greenhouse gas emissions are not yet prevalent in the regions where we operate, the Group has not applied carbon pricing in its decision making, and the targets set as well as the total emissions disclosed for greenhouse gas emissions are presented on a gross rather than net basis. We have nonetheless considered potential environmental impacts and compliance with applicable laws and regulations in our decision making. Should internal carbon pricing systems and carbon credit mechanisms gain wider recognition and adoption in our operating regions in the future, the Group will also adopt them as appropriate.

Vital Innovations Holdings Limited  
維太創科控股有限公司