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SHENGUAN

Shenguan Holdings (Group) Limited

(incorporated in the Cayman Islands with limited liability)
Stock Code: 00829

Environmental, Social and Governance Report

2025

CONTENTS

ABOUT THE REPORT

Shenguan Holdings (Group) Limited (the "Company", together with its subsidiaries, the "Group", "we", "Shenguan Group") is an enterprise established in the Cayman Islands and specialised in utilising collagen. We are committed to the development and application of collagen technologies. We hope that through the annual release of the environmental, social and governance report (the "Report"), we can enable each stakeholder to understand the environmental, social and governance policies, measures and performances of the Group, and continue to maintain good communication with stakeholders, promote and implement the sustainable development vision and strategy to achieve our sustainable development growth strategically.

REPORTING STANDARDS

The Report is prepared based on the Environmental, Social and Governance Reporting Code (the "Code") set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Report is prepared in accordance with the four major reporting principles stated in the Code, including materiality, quantitative, balance and consistency, aiming to present true, meaningful and accurate environmental, social and governance information of the Group.

Materiality

During the Year, we conducted a materiality assessment process again to maintain the pertinence and relevance of the key disclosure issues in the Report. We finally determined the disclosure content and reporting scope based on the analysis of the extent of the material impact on the Group's operations or on stakeholders as well as its importance, hoping to disclose the relevant information of the Group's environmental, social and governance in a more accurate and complete manner. For more details, please refer to the "Materiality Assessment" section in the Report.

Quantitative

The Report, where applicable, presents relevant environmental and social information in a quantitative approach. Unless otherwise stated, all presentation currency in the Report should refer to RMB. Apart from ratios and percentages, data was rounded up to integers. For the standards, methods and assumptions (if applicable) regarding the calculation of the relevant performance data, please refer to the "Summary of Statistics" section in the Report.

Balance

We aim to present our environmental, social and governance achievements and challenges in an objective, impartial and truthful manner, so as to enhance operational transparency and build stakeholder trust.

Consistency

The statistical methods disclosed in the Report are the same as last year, which used the same data statistics and conversion methods. However, we would review and update the relevant conversion factors annually to present timely and accurate environmental data. The pertinent historical data has been disclosed in the Report to enable stakeholders to better understand and compare the Group's sustainability performance.

REPORTING SCOPE

The Report mainly covers our efforts and achievements in terms of environmental, social and governance aspects from 1 January 2025 to 31 December 2025 (the "Year", the "Reporting Period" or "the Year of 2025"), including Industry Optimization, Care for Employees, Environmental Protection and Community Investment. The reporting scope includes the principal business of the manufacturing and sales of edible collagen sausage casings, which represented the main operating income of the Group. The subsidiaries involved include Guangxi Shenguan Collagen Biological Group Co., Ltd. (廣西神冠膠原生物集團有限公司) ("Shenguan Collagen").

The Report focuses on the Group's performance on the environmental and social aspects. For more details on corporate governance, please refer to the Corporate Governance Report set out in the latest annual report of the Group.

Ms. Zhou Yaxian
Chairman of the Board and President of the Company

MESSAGE FROM THE CHAIRMAN

Looking Back and Resilience: Finale of the 14th Five-Year Plan and High-Quality Development

2025 witnessed a complex and volatile macroeconomic environment alongside the challenges of economic transformation. Adhering to the general principle of "seeking progress while maintaining stability", the Group completed the "14th Five-Year Plan" with a successful finale. Under the strong leadership of the management, we proactively navigated market fluctuations. Through the standardisation and rectification of production sites, and targeted quality improvement initiatives, we achieved continuous quality optimisation of our six collagen sausage casings series, namely "fried", "crispy", "fresh", "tender", "bright" and "colorful", significantly enhancing market recognition. This year, we not only withstood pressure but also injected robust new momentum into the high-quality development of the enterprise.

Strategy and Operations: Quality Improvement, Efficiency Enhancement and Resource Synergy

Looking ahead to 2026, the Group has established its operational theme of "Ensuring Quality, Stabilising Production, Strengthening Management and Clarifying Responsibilities". We will continue to solidify our quality foundation, reinforce whole-process control, and ensure the stable unleashing of production capacity. In terms of strategic layout, we will leverage our core collagen technology as an engine to achieve resource synergy and capability reuse, with a focus on promoting the development of "collagen compound ingredients". This kind of "converting existing resources into incremental value" model has not only significantly reduced investment costs and trial-and-error risks but also embodied the Group's sustainable development philosophy in resources utilisation and operational efficiency.

Driven by Scientific Research: In-Depth Industry-Academia-Research Collaboration and Forward-Looking Layout

Technological innovation is the core driving force for the sustainable development of an enterprise. In recent years, the Group has been closely collaborating with Huazhong University of Science and Technology on forward-looking scientific research in collagen technology and achieved fruitful results.

Both parties co-published a research article titled "Collagen nanofiber-lignin composite sponges with adjustable hierarchical pore structure for efficient low-frequency sound absorption" in the internationally renowned authoritative journal Advanced Science, and an academic paper titled "Protein-based materials: Applications, modification and molecular design" in BioDesign Research.

Additionally, six patents jointly developed by both parties have been granted or are currently under acceptance by the relevant authorities. These high-level academic achievements and patent portfolios not only mark our breakthrough progress in collagen foundation research and new material applications (such as eco-friendly sound-absorbing materials), but also build a solid scientific "moat" for the Group's future technology transformation and industrial upgrading.

Product Responsibility: Aligning with Trends in Healthy Consumption and Compliance

As a responsible enterprise, we deeply understand that national health awareness awakening has propounded higher requirements for the industry. The collagen compound ingredients to be launched by the Group are natural, low-fat, high-protein and possess superior functional properties, which precisely align with the market's urgent demand for "clean label" and "additive-free" products. This not only empowers customers to achieve product upgrading, but also benefits the industry in coping with the increasingly stringent national food safety standards and regulatory requirements, safeguarding food safety and health on the bite with technological strengths.

Future Outlook: Deepening Our Focus on Medical Materials and the Grand Health Industry

In the high-end biotechnology sector, we will continue to steadfast our mission of serving mankind and deepen the application of collagen in medical materials. In 2026, we will fully promote the sales growth of medical collagen raw materials, and complete the application preparation for collagen bone filling biomaterials (artificial bone) and dental medical collagen sponge as scheduled.

In this era of challenges and opportunities, Shenguan Group continues to lead the industry through its steady operational strategies, outstanding technological innovation capabilities, and unwavering commitment to social responsibility. The Group firmly believes that only through continuous self-renewal and the pursuit of excellence can it maintain a competitive edge in the ever-changing market environment. In future, Shenguan Group will continue to uphold its sustainability concept, driving the company towards higher quality, greater efficiency, and enhanced responsibility, thereby creating greater value for global customers, employees, and society.

We would like to express our heartfelt thanks to all colleagues, customers, partners and stakeholders of the Group for their participation and cooperation in assisting Shenguan Group to achieve sustainable operations and fulfil our social responsibility. The environmental, social and governance performance in the Year of 2025 was remarkable. Thanks to everyone for your perseverance and contribution, for continuously providing customers with satisfactory and competitive products and plan for future development blueprints. We look forward to continuing working with you to create a delighted and bright future in the coming year.

SUMMARY OF KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

Employees receiving training reached
86.5%

Amount invested in cleaner production over RMB
20.0 million

Use of packaging materials
↓ **10%**

Local procurement representing
100%

The amount of non-hazardous waste generated
↓ **29%**

Self-use solar energy
7.2 million kWh

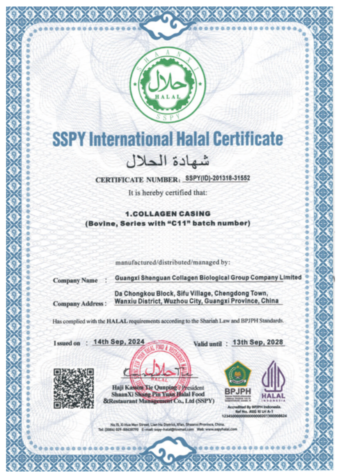
Domestic customers' satisfaction rate reaching
93%

PROFESSIONAL CERTIFICATION AND AWARDS

The Group is the first enterprise in Mainland China to obtain the patent on the invention of edible collagen sausage casings technology and we have a number of patents on inventions granted by the country. Our professional achievements have been recognized by government-accredited institutions. Some professional certifications and awards received by the Group are listed below:

Certificate/Professional Qualification		
ISO 9001 Quality Management System Accreditation Quality Assurance Centre of China Association for Quality	*ISO 22000 Food Safety Management System Accreditation* Quality Assurance Centre of China Association for Quality	*ISO 10012 Measuring Management System Standard Accreditation* China Certification Centre for Metrology and Measurement
ISO 45001 Occupational Health and Safety Management System Certification Quality Assurance Centre of China Association for Quality	*ISO 14001 Environmental Management System Certification* Quality Assurance Centre of China Association for Quality	*Shaanxi International Halal Certification*
	International Halal Certification	

International Halal Certificate
شهادة الحلال
CERTIFICATE NUMBER: SSPY-201318-31957-R1
It is hereby certified that:
1.COLLAGEN CASING
(Bovine, Series with "C11" batch number)
manufactured/distributed/managed by:
Company Name : Guangxi Shenguan Collagen Biological Group Company Limited
Company Address : Da Chongkou Block, Sifu Village, Chengdong Town, Wanxiu District, Wuzhou City, Guangxi Province, China
Has complied with the HALAL requirements according to the Shariah (Islamic Law).
Issued on : 14th Sep, 2024
Valid until : 13th Sep, 2027
Haji Kassim Tie Qunping / President
ShaanXi Shang Pin Yuan Halal Food &Restaurant Management Co.,Ltd (SSPY)
JAKIM Malaysia Recognizes Foreign Halal Certification Body In China
Ref No. :JAKIM.HH.900-6/7 Jld.2(37)
No.15, Xi Hua Men Street, Lian Hu District, Xi'an, Shaanxi Province, China.
Tel:(0086)029-88638790 E-mail:sspy-halal@foxmail.com Web:www.sspyhalal.com



SSPY International Halal Certificate
شهادة الحلال
CERTIFICATE NUMBER: SSPY(ID)-201318-31552
It is hereby certified that:
1.COLLAGEN CASING
(Bovine, Series with "C11" batch number)
manufactured/distributed/managed by:
Company Name : Guangxi Shenguan Collagen Biological Group Company Limited
Company Address : Da Chongkou Block, Sifu Village, Chengdong Town, Wanxiu District, Wuzhou City, Guangxi Province, China
Has complied with the HALAL requirements according to the Shariah Law and BPJPH Standards.
Issued on : 14th Sep, 2024
Valid until : 13th Sep, 2028
Haji Kassim Tie Qunping / President
ShaanXi Shang Pin Yuan Halal Food &Restaurant Management Co., Ltd (SSPY)
Accredited By BPJPH Indonesia.

Awards and Recognition

China's First Batch of Key Trademark Protection Lists for Light Industry
China Light Industry Enterprise Management Association

National Green Factory
Ministry of Industry and Information Technology

National Intellectual Property Demonstration Enterprise
China National Intellectual Property Administration

Certificate of China's 500 Most Valuable Brands
World Brand Laboratory

High-tech Enterprise
Guangxi Science and Technology Department

Top 100 High-Tech Enterprises in Guangxi
Guangxi High-Tech Enterprises Association

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

The Group takes innovation, quality, safety, energy conservation and environmental protection as its development goals. We have established the environmental, social and governance systems to propel sustainable development. A sound environmental, social and governance structure has established a top-down approach to promote the green enterprise development.

Board

assumes the primary responsibility for the Group's environmental, social and governance (ESG) (including climate-related) matters. Such responsibilities include formulating ESG governance policies and objectives, overseeing ESG risks (including climate-related risks and opportunities), and regularly reviewing performance to ensure the effectiveness of governance mechanisms. In formulating and overseeing the Group's strategies, making decisions on material transactions, and risk management processes, the Board incorporates considerations of ESG (including climate-related) risks and opportunities and evaluates relevant trade-offs. The Board regularly assesses whether its members possess the skills and competencies required to oversee current and future ESG matters, including climate-related issues, and regularly arranges ongoing training to enhance their professional capabilities. The Board is responsible for reviewing reports submitted by management, including ESG reports, climate risk and opportunity assessment results, mitigation measures, and progress against emission reduction targets, to ensure informed decision-making.

Management

authorized by the Board to formulate and implement appropriate ESG policies and measures, and supervise their implementation across all departments. It identifies and assesses ESG matter (including climate-related) risks and opportunities, and establishes and operates governance processes, monitoring measures and procedures. It also reports regularly to the Board on ESG governance (including climate-related matters), so as to advance the implementation of the Group's overall sustainability strategy.

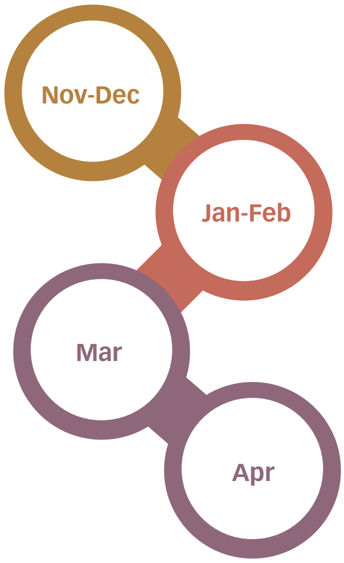
Safety and Environmental Protection Department, Food Safety Office, Quality Control Department and Enterprise Management Department

consist of personnel with qualifications in environmental protection, food safety, production safety management, quality management, corporate management and data analysis. Under the framework of the Comprehensive Management Manual (《綜合管理手冊》), they are responsible for environmental and production safety management and other tasks. They provide operational and project progress data to support third-party verification and internal control testing, propose rectification recommendations for abnormal risks and follow up on their closed-loop resolution, thereby strengthening the ESG governance structure from top to bottom and promoting the green and sustainable development of the enterprise.

Comprehensive Management Manual – A guideline established by Enterprise Management Department, covering product quality, food safety, occupational health and safety, environmental safety, surveying management and intellectual property rights.

The Group's remuneration policy has not yet linked ESG (including climate-related) performance indicators to management remuneration. The Group will explore the feasibility of such linkage in the future and will disclose the new remuneration policy in due course.

Preparation Process of Environmental, Social and Governance Report



Kick-off Meeting of the Report Compilation

- The Group identified material environmental, social and governance issues, and review the revised code released by the Stock Exchange
- The Group distributed and collected stakeholders' engagement questionnaires and summarized stakeholders' opinions from usual communication channels

Information Collection and Selection

- Each department provided relevant information for report, including sustainable development performance and targets, and determined the accuracy and completeness of the information

Report Finalization

- The information was reviewed and examined by the senior management of the relevant departments
- The Report was finally submitted to the Board for their approval to ensure the validity and accuracy of the content

Publication

- The Report is published on the same day as the annual report

STAKEHOLDER ENGAGEMENT

With reference to the five major categories of AA1000 stakeholder engagement standards (responsibility, influence, tension, diverse perspectives and dependency) and the stakeholder classification of our peers, the Group categorizes our stakeholders into five different types, including employees, customers, suppliers and distributors, investors and the government and the public. We attach great importance to the impact of production and operation activities on the environment as well as to the stakeholders from all sectors of the society, and we hope to understand the impact of such stakeholder on the Group's operations. Therefore, through various usual communication channels and annual stakeholder engagement questionnaires, we communicate and interact with stakeholders to have an in-depth understanding of the expectations and needs of our stakeholders, and help the Group adjust its business objectives and strategies in grasping opportunities.

Types of Stakeholders	Significance to Shenguan Group	Communication Channels
Employees	We regard employees as the most important assets of the Group and the cornerstone of corporate growth. Therefore, we value the opinions of each employee. We also hope to create an ideal working environment for them and establish a good labour relation.	Email and communication Intranet Training and activities Assessment and interview
Customers	Customers are the source of Shenguan Group's business foundation. Maintaining customers' trust has become a material issue. We understand the importance of listening to customers' needs and opinions, and timely revise our operation strategies to meet their expectations.	Sales and marketing Customer service hotline Group's official website Customer feedback survey
Suppliers and Distributors	We strictly control product quality. From raw materials provided by suppliers to delivery of finished products to customers, every step is indispensable. We require raw materials to be handled in accordance with hygienic and safety standards. We hope to maintain good cooperative relations with suppliers and distributors and select them in an impartial, open, and fair manner to achieve the goals of mutual benefits and sustainable development and growth.	Business conference Investigation and assessment Industry forums Purchase contract
Investors	Shenguan Group is operated under investors' support. We attach great importance to understand their requirements and suggestions on environmental and social aspects of various operations. For the requirements that they are concerned about, the Group will actively respond, review, and make the improvement, aiming to establish a good investor relation actively.	Financial report General meeting of shareholders Circular and announcement
Government and the Public	The government of Mainland China has been increasingly rigorous in its governance standards for operating institutions, and the Group attaches great importance to the regulations of various government institutions. We strictly abide by various laws and regulations with a positive attitude. The Group also values the opinions of the public. Their concerns or inquiries about the Group's operation can assist us in establishing an appropriate sustainable development policy, which is also a driving force for our continuous growth.	Public consultation Social investment Charity activities

MATERIALITY ASSESSMENT

The Group established the following materiality assessment process to identify relevant environmental, social and governance issues. We rated the importance of these issues to our business and stakeholders.

Step 1: Collect relevant material issues

We further reviewed the emerging trends and standards of sustainable development in the domestic and foreign food manufacturing industry in 2025 based on the analytical results of the materiality assessment in 2024, and created a stakeholder engagement questionnaire with reference to the peers' material issues disclosure.

Step 2: Distribute questionnaires

After the material issues being identified, we distributed stakeholder engagement questionnaires to relevant stakeholders by means of WeChat or email, so as to identify the degree of stakeholders' concerns about those issues, and thus analyse the potential risks of Shenguan Group's operations.

Step 3: Identify material issues

Stakeholders scored each identified material issues based on its materiality level to them and influence level to the Group. We then calculated and converted the scores for external experts as well as the internal department review. It helps to ensure that the material issues were in line with the Group's philosophy. There were 27 material disclosure issues for the Year.

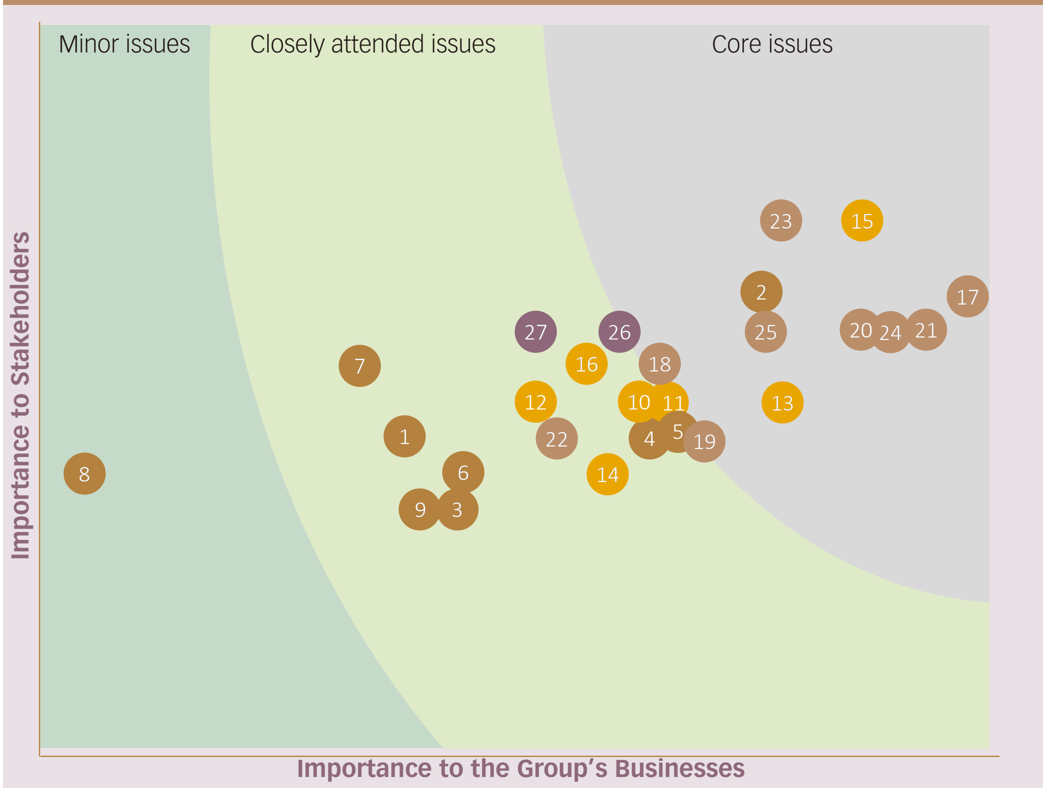
Step 4: Establish materiality matrix

After obtaining confirmation and approval of the 2025 material issues from the management and the Board, the materiality matrix was constructed. The most material issues were placed at the top right corner while the issues with relatively low importance were placed at the bottom left corner.

Step 5: Define core issues

We took reference to the material issues disclosure records of our peers and conducted analysis to define the most concerned environmental, social and governance issues for the Group and stakeholders. Disclosure priority would be given to 12 core issues and 14 closely attended issues in order to address material issues concerned by various stakeholders.

Materiality Matrix[2]



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2 Conservation of biodiversity is regarded as a minor issue. Upon the Group's assessment, the raw material sourcing process has no impact on biodiversity. This issue is disclosed under the section on environment impact management.

Environmental Protection (Chapter 3 of the Report)	Care for Employees (Chapter 2 of the Report)	Industry Optimization (Chapter 1 of the Report)	Community Investment (Chapter 4 of the Report)
1 Air Emissions and Management 2 Sewage Discharge and Management 3 Greenhouse Gas Emissions and Management 4 Waste Management 5 Energy Use and Efficiency 6 Water Resource Use and Efficiency 7 Use of Packaging Materials 8 Conservation of Biodiversity 9 Responding to Climate Change	10 Recruitment and Dismissal 11 Remuneration Packages and Benefits 12 Diversification, Equal Opportunities and Anti-Discrimination 13 Occupational Health and Safety 14 Training and Development 15 Prevention of Child or Forced Labour 16 Labour Relations and Communication	17 Compliance Operation 18 Sustainable Supply Chain 19 Service Quality Control Mechanism 20 Data Protection and Privacy 21 Innovation Development and Protection of Intellectual Property Rights 22 Advertising and Marketing Labels 23 Enterprise Integrity Management 24 Product Safety Management Processes and Initiatives 25 Product Lifecycle Responsibility	26 Support for Community Development 27 Involvement in Community Activities

01

Industry Optimization

"Seeking progress while upholding and maintaining stability, and realising corporate high-quality development"

INDUSTRY OPTIMIZATION

Product Safety Management Processes and Initiatives

The Group produces quality collagen products, which are used in food, skincare products and polymer collagen medical biomaterials. Therefore, the Group strives to ensure product quality is up to standards, so as to provide secured, high-quality and guaranteed collagen products for consumers. In the sausage casings industry, the Group focuses on improving product quality, perfecting the supporting facilities of various production lines, and comprehensively promoting the technological transformation of production mechanization, automation and intelligence.


Robotic arm operations in automated workshops

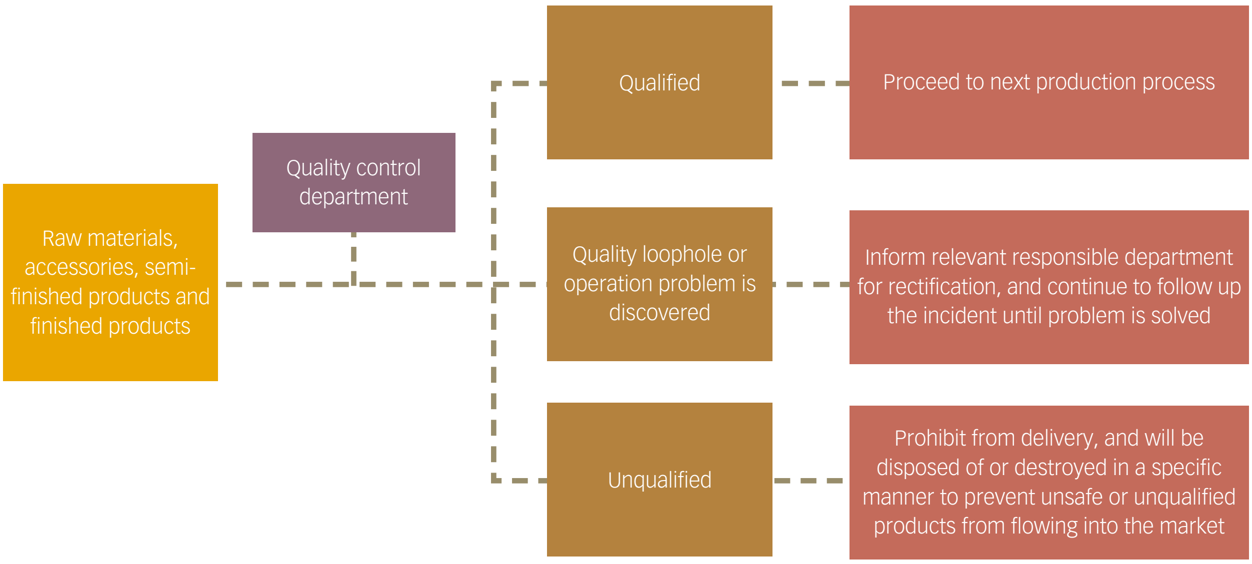
The Group and its employees work together to deepen and improve food safety management continuously, monitor every production procedure stringently to ensure that its products reach the best quality and comply with all safety regulations. The Group will update the quality standards regularly in accordance with the regulatory requirements, such as the Food Safety Law of the PRC (《中華人民共和國食品安全法》), the GB14881-2025 the National Standard of Food Safety for the General Hygienic Regulation for Food Production (《GB14881-2025食品安全國家標準食品生產通用衛生規範》), Measures for the Supervision and Inspection of Food Production and Operation (《食品生產經營監督檢查管理辦法》), market trends and the finished products that researched and developed. The Group also organizes internal review of the operation of the food safety system and quality control system every year to ensure the effectiveness of the system.

The Group has strengthened its investment in food safety resources (personnel, capital and management), promoted automated workshops actively to ensure and improve product quality, and provided quality production training for employees to ensure that they understand the production operation mechanism and work according to standardized production mode. The Group inspects workplaces, equipment and machinery to avoid potential quality problems caused by improper operation or ageing of spare parts. Inspection staffs are also required to receive regular training to ensure that they are aware of the latest inspection items and requirements and to ensure the effectiveness of quality inspection.

The Group's production and manufacture of collagen sausage casings has passed the certification of ISO9001 Quality Management System, ISO22000 Food Safety Management System, ISO10012 Measurement Management System, ISO 45001 Occupational Health and Safety Management System and ISO14001 Environmental Management System, and has obtained the Food Production Permit and the Filing of Export Food Manufacturers (出口食品生產企業備案證). The Group has also registered with the U.S. Food and Drug Administration for export of sausage casing products to the United States. In addition, the production of all of the Group's sausage casing products have strictly complied with the PRC's national standards for food safety of collagen sausage casing products (GB14967-2015) and sausage casing manufacturing industry standards (SB/T10373-2012). All these certifications are the recognition of the Group as a trustworthy product supplier to its customers.

In addition, the Group has established a stringent quality control system and set up a quality control department to maintain product quality. The quality control department will take part in the entire production and sales process, inspect raw materials, accessories and finished products respectively and formulate specific inspection procedures for various raw materials, accessories and finished products to ensure our raw materials, accessories and finished products are meeting the quality standards of national regulations.

Safety inspection procedures for raw materials, accessories, semi-finished products and finished products



In general, the Group will ensure product quality and food safety through procedures such as supplier management, raw materials purchase inspection, production process control, and finished products delivery inspection. The food raw materials traceability system we established can track and trace the three directions from raw materials tracking to finished products delivery flow, finished products traceability to relevant raw materials information, and finished products flow direction tracking. In accordance with the relevant traceability and recall management measures, the Group implements multiple products traceability and recall exercises every year to achieve food safety information that can be traced in forward direction, traceable in reverse direction, process is controllable, and accountability is accountable.

Sustainable Supply Chain

The Group understands very well that customers and suppliers are the keys to the Group's sustainable development. The Group is committed to establishing close and caring relationships with its suppliers and customers and maintaining continuous communication with customers and suppliers through various channels for feedback and advice.

Adhering to the procurement strategy of fairness, impartiality and openness as well as comparison among various suppliers, we will assess the eligibility of suppliers according to factors such as legal qualifications, production scale, supply capacity, price advantage, quality assurance, after-sales service, environmental management system and social responsibility. For example, provided the quality assurance is satisfied, priority will be given to suppliers which implement environmentally-friendly measures and employ disabled workers. Before cooperating with new suppliers, the Group will request relevant qualification documents and establish business relationships only after qualified suppliers have been assessed. We will also review major suppliers annually and conduct on-site assessments. If a supplier fails to pass the assessment, we will suspend using such supplier to ensure that the overall products and services meet the quality requirements and the principles of sustainable development, and avoid the negative impact on quality and safety of products.

In addition, the Group advocates local procurement to reduce our carbon footprint. The Group will hold supplier seminars from time to time to advocate the Company's green procurement policies, assist suppliers to implement energy conservation and environmental protection policies, and integrate into a green supply chain in serving customers.

Number of suppliers[3]

Suppliers in Mainland China in 2025:

300

Data Protection and Privacy

The Group respects personal data and privacy of customers. All personal data are collected for sales services purpose only. The Group has developed clear customer data management guidelines to regulate the collection, storage, access, use as well as deletion and modification of customer data. Customer information will not be collected before receiving customer consent, and all personal data will be stored in an encrypted data system of the Group. Access to and use of personal data will only be confined to personnel of authorised departments. Any change to the personal data will be subject to the consent of customers. The Group also sets out the requirements on data use and confidentiality in its employee handbook. In the event of any non-compliance incident regarding the rules, the employee will be subject to disciplinary action, or in the event of serious cases, will be transferred to the law enforcement agency for legal actions. In addition, we have installed a network security system as the first line security to protect customer data, as well as the proactive defence against ransomware attacks and detect malicious intrusion.

[3] During the Reporting Period, relevant supplier engagement practices were implemented across all of the Group's 300 suppliers.

Prevention of Corruption and Fraud

The management of the Group promotes a corporate culture of honesty and integrity and creates a corporate culture environment of anti-fraud and anti-corruption. The management assesses the fraud risks and establishes specific control procedures and mechanisms. For any behaviour that violates business ethics, we follow the spirit of no indifference and no indulgence and take severe disciplinary measures against violators so as to reduce the chances of frauds and corruptions. In order to enhance the sense of integrity of our staff, we have included staff ethical behaviors into our employee code of conduct. We also require all the new staff to be trained in accordance with the code of ethical behaviors. We train our existing staff through posting promotional materials and providing regular case studies. Executive directors and staff of the Group have participated in anti-corruption training. In addition, the Group has strengthened anti-corruption awareness among senior management and core business departments through holding special meetings and attending court hearings.

The Company has included clauses prohibiting commercial bribery in its purchase and sale contracts, engineering contracts and service contracts to name a few and has clearly provided whistleblowing channels and contact information for misconduct by business personnel, including the address for whistleblowing by mail and letter. The legal department of Guangxi Shenguan Collagen Biological Group Co., Ltd. (廣西神冠膠原生物集團有限公司) shall promptly receive reports of unlawful conduct from external contractual partners and, in accordance with internal procedures, coordinates with relevant departments to conduct investigations, submit reports, and propose handling recommendations. We have internal channels in place for reporting wrongdoing, such as suggestion boxes, and our human resources department is responsible for receiving, investigating, reporting, and making comments upon the reporting of frauds in the spirit of fairness and justice. In the event of fraud or corruption, the Group will take remedial measures timely to assess the internal control of the relevant affected departments and instruct the relevant departments to make improvements.

Accountability and remedial measures for fraud or corruption

The anti-corruption of the Group is mainly regulated by the Criminal Law of the PRC (《中華人民共和國刑法》), the Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》) and other applicable laws and regulations. The laws and regulations strictly prohibit enterprise from accepting illegal property to seek benefits for others, and they also prohibit operators from engaging in unfair competitive behaviors, including obtaining benefits through theft, bribery, fraud, coercion or other means in violating provisions and rights. The Group adheres to the principles of voluntariness, equality, fairness and integrity, and complies with business ethics. Based on the above measures, during the Reporting Period, the Group did not identify any cases of material violations of laws and regulations relating to anti-corruption and anti-fraud.

Innovation Development and Protection of Intellectual Property Rights

During the Year, facing the complicated and acute factors of the international environment and domestic market, the Group accelerated the construction of a new development layout, and all of its employees made concerted efforts to take proactive measures to overcome the impact of unfavourable factors such as shortage of raw materials, rising energy costs, transportation costs and labour costs, to solidly boost the high-quality development. Major tasks such as new product development, key technological transformation and product sales had substantially met the expected targets.

With the goal of building a safe, reliable and standardized grand health industry, the Group is committed to the development of collagen technology to realise the transformation and upgrading of the collagen industry and actively promotes the application of collagen in the grand health industry. We continue to invest tremendous resources in research and development, and establishes research and development centres according to market, with scientific and research facilities and infrastructure construction in place. The research and development projects include the improvement of extraction technology to ensure the nutritional perfection of collagen so as to meet the requirements of customers in terms of food nutritional value.

While advancing the development of new industries and new products, the Group has strengthened the construction of its corporate research and development platform and established Shenguan Research Institute to facilitate the development of the new product industry chain. We have gathered a group of highly educated technical personnel (such as professionals and technical personnel with backgrounds in biological engineering, food engineering, chemical testing, mechanical manufacturing and pharmacy). We also introduce advanced laboratory equipment and instruments for the product development, testing and analysis to conduct high-end processing researches and experiments, with an aim to creating more possibilities for the enterprises and enabling them to achieve significant results in new product development. For example, for collagen foods, the Group launched new products such as "Bo Bo Chicken (缽缽雞)" and "Beef Tripe (牛西肚)", which were well received by the market. In addition, the Group upgraded its products such as "ready-to-eat beef tendon", "collagen brown sugar ginger drink", "collagen oat drinks" and "collagen oat porridge' with the packaging and taste catering to the needs of consumers. In addition to collagen foods, the Group has established subsidiaries in other collagen-related industries or developed by ways of equity investment, including the cosmetics and medical industry that collagen is also applicable to use and Ferguson (Wuhan) Biotech Co., Ltd.[4] which is engaged in the production of health care products.

Guangdong Victory Biotech Co., Ltd. ("Guangdong Victory")[5]

Wuzhou Victory Biotech Co., Ltd. ("Wuzhou Victory")[6]

Research and develop medical collagen, wound dressings and other medical products with broader applications

- Guangdong Victory and Wuzhou Victory have both obtained the dual certification of ISO13485 and ISO22442 from the European Union
- The endotoxin content of medical collagen raw materials is only 0.01EU/ml, which is better than the FDA's standard of 0.5EU/ml in the USA
- Application has been made to the national regulatory authorities for the registration licence of "collagen bone filling biomaterials" as Class III medical device products, which is pending review and approval

4 The Group owns 25% equity interests of Ferguson (Wuhan) Biotech Co., Ltd.

5 A subsidiary of the Group accounts for 80% equity interests.

6 A subsidiary of the Group accounts for 80% equity interests.

The Group has been closely collaborating with Huazhong University of Science and Technology on forward-looking scientific research in collagen technology and achieved fruitful results in recent years. In collaboration with Huazhong University of Science and Technology, the Group co-published a research article titled "Collagen nanofiber-lignin composite sponges with adjustable hierarchical pore structure for efficient low-frequency sound absorption" in Advanced Science Journal, as well as another article titled "Protein-based materials: Applications, modification and molecular design" in BioDesign Research Journal.

Additionally, the Group and Huazhong University of Science and Technology have jointly developed six patents that have been granted or are currently under acceptance by the relevant authorities.

To protect and safeguard intellectual property rights, the Group strictly abides by relevant laws and regulations on intellectual property rights, including but not limited to the Copyright Law of the PRC (《中華人民共和國著作權法》), the Trademark Law of the PRC (《中華人民共和國商標法》) and the Patent Law of the PRC (《中華人民共和國專利法》). The regulations require that business operators shall not, without the permission of the trademark registrant, use a trademark that is identical with or similar to the registered trademark on the same commodity, or sell, knowingly or unintentionally, a commodity that infringes upon the right of the exclusive use of a registered trademark.

The Group has taken effective measures to protect its intellectual property rights, including filing or registration of patents as required, in order to prevent abuse of the patent rights. The Group signs confidentiality agreements with its employees. It is clearly stated in the employment contract that all employees shall take prompt actions to protect the legitimate rights and interests of the Company when they are aware of any possible infringement of intellectual property rights.

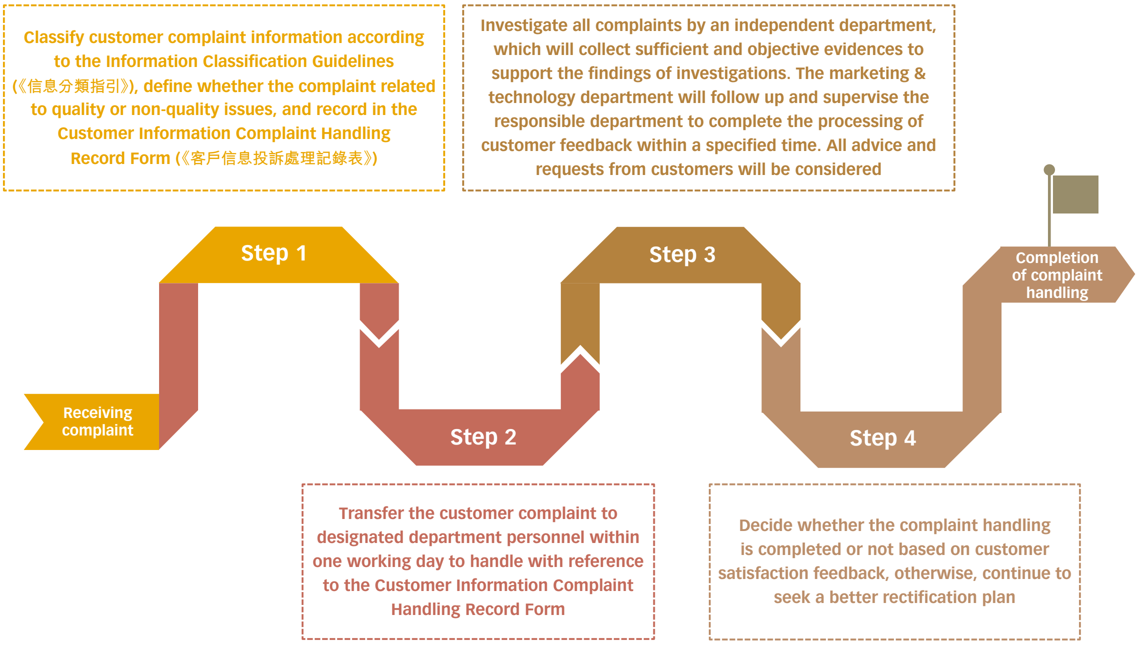
Based on the above measures, the Group has not identified any case of material violations of laws and regulations relating to intellectual property rights during the Reporting Period.

Service Quality Control Mechanism

The Group is committed to developing long-term cooperation relationships based on mutual trust with its business partners and has built a sophisticated customer network. The Group has established its closely-knit yet extensive network of leading manufacturers of processed meat products and sausages, not only for cooperation with enterprises in Mainland China but also with those in various overseas markets, such as South America, Southeast Asia and the United States. During the Reporting Period, the Group continued to supply high-quality sausage casing products to a number of renowned food suppliers in Mainland China.

The Group strives to provide customers with quality and appropriate services. Therefore, we have developed a comprehensive customer complaint handling procedure and goods return procedures to standardize the handling of customer complaint information and improve the timeliness and effectiveness of handling complaint.

Complaint Handling Procedure



During the Reporting Period, domestic customers' satisfaction to the Group was approximately 93%, and that of overseas customers was approximately 89%. We received a total of 293 complaints relating to quality stability of products and compatibility of product process improvements with customer's products. All complaints were handled in accordance with established procedures. We improve product standards according to customer's usage requirements to ensure product applicability. At the same time, according to the product characteristics corresponding to customer complaint items and the key processes and aspects which are corresponding to product characteristics, we plan the key work plan of each department, and solve the problems of each functional department corresponding to each complaint item. We also do well in managing the corrective measures of customer complaints, so as to promote our products to continue to adapt and meet customers' needs.

In terms of advertising and marketing labels, we have established a comprehensive information review system to conduct detailed verification of product labels, promotional documents, website information, and advertisements before the products are launched or advertisement is released, so as to ensure that the descriptions and information on product advertisements and labels are consistent with the actual situation of the product, and ensure the legal compliance of product labels and marketing behaviors. The Company also requires staff to provide accurate and complete information to customers.

The Group's product liability is mainly regulated by the Product Quality Law of the PRC (《中華人民共和國產品質量法》), the Law on Protection of Consumer Rights and Interests of the PRC (《中華人民共和國消費者權益保護法》), the Civil Code of the PRC (《中華人民共和國民法典》), the Advertising Law of the PRC (《中華人民共和國廣告法》) and other applicable laws and regulations. The laws and regulations require that producers must ensure that products quality meets the standards, that there is no unreasonable hazard to personal and property safety, and that it has proper performance and is consistent with its description. In addition, products must not be adulterated or counterfeited. When products are sold, customers must be provided with true product description information to prevent customers from being misled, so as to ensure the legitimate rights and interests of consumers, including personal privacy, must also be protected. Based on the above measures, the Group has not identified any case of material violations of laws and regulations relating to product and service quality during the Reporting Period.

02

Care for Employees

"Attracting talents and encouraging training"

CARE FOR EMPLOYEES

Occupational Health and Safety

Production Safety

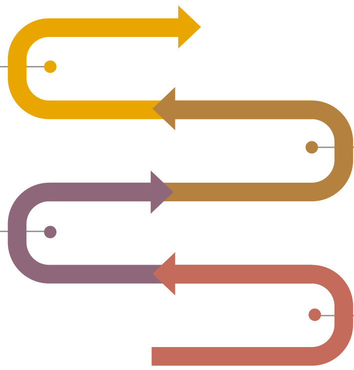
The Group is committed to continuously optimizing the technological process, improving the working environment for the employees and taking all appropriate measures to safeguard their health and safety. Shenguan Group was accredited as a secondary enterprise for production safety standardisation for the first time in 2016. We are committed to a sound safety system and passed the annual supervisory and assessment of ISO45001 Occupational Health and Safety Management System of the Quality Assurance Centre of China Association for Quality (中質協質量保證中心) in May 2025.

The Group has formulated a corresponding safety code of practice for all production staff, which details the safety precautions for different production processes, including establishing the Compilation of Safety Management System (《安全管理制度匯編》) to provide employees with safe working practices, developing the Compilation of Safety Management Responsibility (《安全管理職責匯編》) to clearly define the safety responsibility of each post, and formulating the Compilation of Regulations for Safety Operation (《安全操作規程匯編》) to outline the safety operation regulations for each process. During the Reporting Period, the Group revised the above documents on safety management systems and improved the structure and management modes of the management departments of each production workshop to clarify management responsibility, optimise the safety guideline and improve the employees' safety awareness, with an aim to jointly create a safe working environment.

All employees wear personal protective equipment during work

Safety Training Management

Drills in respect of first-aid, fire-fighting, evacuation, leakage and escape



Safety training for position transfer

On-job training and regular training for security officers and special workers

Three-level safety training for new employees

Arrange training and explanation of the contents of such code on-job responsibilities and also provided safety education for the staff at the company, workshop (department) and team level

In addition, we regularly conduct assessments on the safety status of employees to ensure their health and safety. During the Reporting Period, we conducted a safety status assessment at the production site of the hydrochloric acid storage tank and piping system renovation project of Sifu collagen workshop (思扶膠原車間), and issued the 2025 Safety Pre-assessment Report (《安全預評價報告》) that meets the safety requirements.

In addition to establishing a sound shifting system to ensure that the employees will have sufficient time to rest, the Group also focuses on the two-way communication with its employees. We have revised the Emergency Response Plan for Production Safety Incidents (《生產安全事故應急預案》) and improved incident reporting and investigation policy to encourage employees to report incidents and other matters. Moreover, the safety and environmental protection department regularly supervises the potential safety risks at production workshops and warehouses as well as handle and follow up on the incidents reported by the staff.

The Group conducts safety inspection and random safety inspection of the production workshops and key departments once a month, and organizes various special safety inspection in accordance with the requirements issued by the State and government departments, and rectifies hidden dangers in a timely manner, so as to ensure the personal safety of the employees.

There was no work-related fatality case in the past three years, including the Reporting Period. The lost days due to work injury in the Year was 919 days. The figures reflect the total number of days off work for all employees injured at work.

The health and safety management of the Group's employees is mainly regulated by the Production Safety Law of the PRC (《中華人民共和國安全生產法》), the Law on Prevention and Control of Occupational Diseases of the PRC (《中華人民共和國職業病防治法》), the Administrative Regulations on the Work Safety of Construction Projects (《建設工程安全生產管理條例》), Industrial Injury Insurance Regulations of the PRC (《中華人民共和國工傷保險條例》) and other applicable laws and regulations. The laws and regulations require enterprises to provide a guarantee for the production safety of their units, including establishing a comprehensive production safety responsibility system, organizing production safety rules and regulations and operating procedures, implementing safety education and training, inspecting and eliminating safety concerns of their units, supervising the work of production safety, formulating emergency plans and reporting production safety accidents. Enterprises are also required to prevent their employees from contracting occupational diseases. The Group strictly abides the regulations related to employee health and safety. During the Reporting Period, the Group did not identify any cases of violations of laws and regulations relating to production safety.

We continuously update compliance-related policy of the List of Laws, Regulations, Standards and Other Requirements (《法律法規、標準及其他要求清單》), so as to assist staff to identify various compliance requirements and protect the interests and rights of various stakeholders. The Group also applied Administrative Measures on "Three-Simultaneous" Occupational Disease Control Facilities in Construction Projects (《建設項目職業病防護設施「三同時」監督管理辦法》) and other rules and regulations to enhance the compliant operation of employees. Based on the above safety management and compliance measures, the Group has not identified any case of material violations of laws and regulations relating to the health and safety at the workplace during the Reporting Period.

Employment System

Human resources are of utmost importance to the success and the long-term business development of the Group. The Group ensures that the remuneration of our staff is commensurate with prevailing market rates and they are provided with relevant on-the-job training and development.

Labour Relations and Communication

The Group pays attention to the harmony of labour relations and comprehensively strengthens the communication and coordination with employees, hoping to achieve mutual trust and respect between employees and us, prevent disputes from occurring and conflicts from intensifying. The Company establishes a trade union in accordance with the relevant laws and regulations, allowing employees to become union members after being employed by the Company. The trade union is established to solve problems of labour conditions, labour safety and health issues encountered at work and to meet their needs, and strive to improve employee welfare measures.

In addition to the establishment of trade unions, we have also established a diversified and interactive mechanism to ensure smooth communication between employees and us, including employee suggestion boxes, internal publications, employee code of conduct, public information columns and internal meetings of various departments. They adhere to the principle of integrity and create a phenomenon that the employees and us unite with one heart, allowing employees to participate in the construction and development of the Company in a more active manner. If an employee has any suggestions to the Group or believes that his or her rights and interests have been jeopardised, he or she may report the situation and file a complaint through the above channels. We will hold regular labour meetings, organize trade union federation congresses and employee welfare unions to provide a platform for the two parties to exchange their views or consult on issues of common concerns in due course. The Group can respond more timely to improve employee satisfaction.

Recruitment and Dismissal

We take the fundamental values such as integrity, innovation, enthusiasm and team spirit as the basic criteria for recruiting talents, and have established a stringent vetting process to ensure the fairness of the entire recruitment, dismissal and promotion process. The Group was committed to recruiting highly educated technical talents during the Reporting Period to support the technical transformation of mechanization, automation and intellectualization of production which it has actively promoted in recent years.

The normative policies formulated by the Group are as follows:

Personnel Recruitment Management System (《人員招聘管理制度》)	Regulate the process of personnel recruitment and formulate human resources planning and recruitment objectives according to the Company's development direction, business requirements and cost-effectiveness. All candidates are subject to an objective entry assessment, professional background, skills and experience so as to assess whether their ability and performance meet the Group's development requirements and decide whether to recruit the job applicant or not
Employee Turnover Management System (《僱員離職管理制度》)	Protect the rights and interests of resigned employees, clarify the responsibilities and handling procedures of relevant departments to make the process highly transparent, and it is required that when an employee tenders a resignation application, the department head and human resources department shall arrange an exit interview with the employee to understand the reason thereof

Remuneration Packages and Benefits

In order to attract and retain high-quality talents to ensure smooth operations and to cope with the Group's continuing expansion, the standard remuneration packages of new employees are determined with reference to market conditions and based on staff's responsibilities, job performance and job scopes, etc., and their salaries are adjusted year by year and promotion decisions are made with reference to the work performance of such employee. The Group continues to deepen and optimise its performance management and add performance appraisal indicators for each department. The Group will also revise the performance appraisal method according to actual needs and work performance to ensure its objectivity, fairness and representativeness, so as to further improve the performance management system. The Performance Management System (《績效管理制度》) of the Group clearly sets out the setting, implementation and application of key indicators as well as its assessment and evaluation. The Group has also formulated a work award scheme, under which well-performed employees will be given honorary titles and awards to encourage them to make continuous improvement.

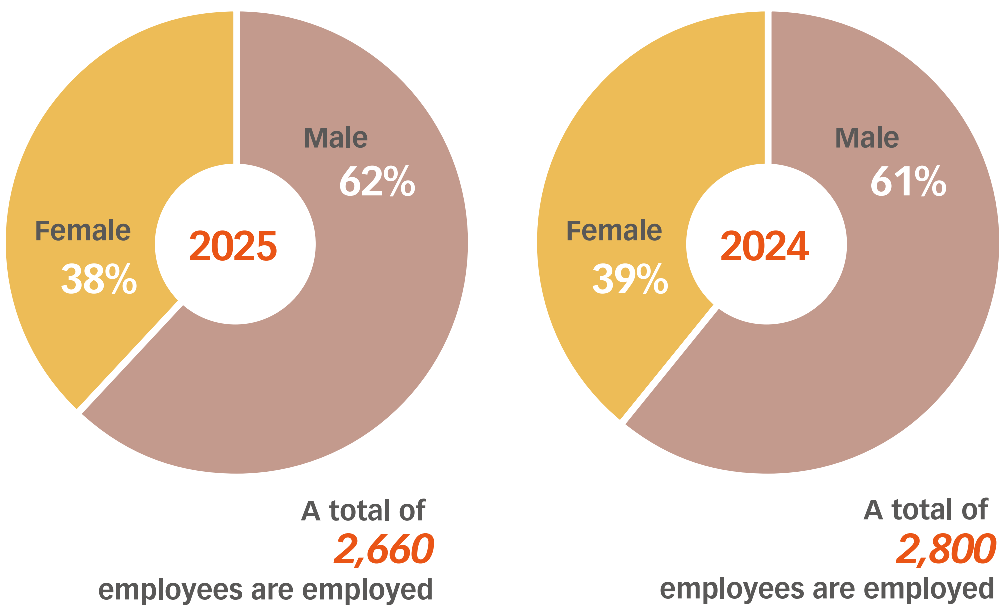
In addition, employees of the Group are entitled to social insurance and welfare according to law. The Group strictly complies with national and local laws and regulations in terms of working hours and holiday arrangements to ensure that our employees can balance between work and life and enjoy their holiday for keeping them physically and mentally healthy.

Diversification, Equal Opportunities and Anti-discrimination

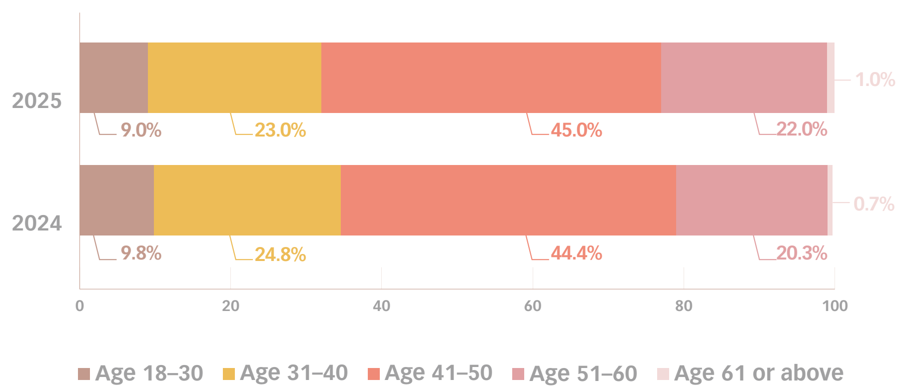
The Group strives to provide a working environment without discrimination. We endeavor to maintain a diversified working environment that provides opportunities for employees of different genders and ages to develop their talents. Any discrimination against our staff in respect of recruitment, dismissal, remuneration and promotion is strictly prohibited. We have also set up a whistleblowing mechanism. In case of any unfair and unequal cases, a task force will be responsible for the investigation and taking corresponding disciplinary actions.

Shenguan Collagen employed a total of 2,660 full-time and contract employees as at 31 December 2025, and 100% of the employees are from Mainland China, the statistics of them by gender and age group are as follows:

Number of employees by gender



Number of employees by age group

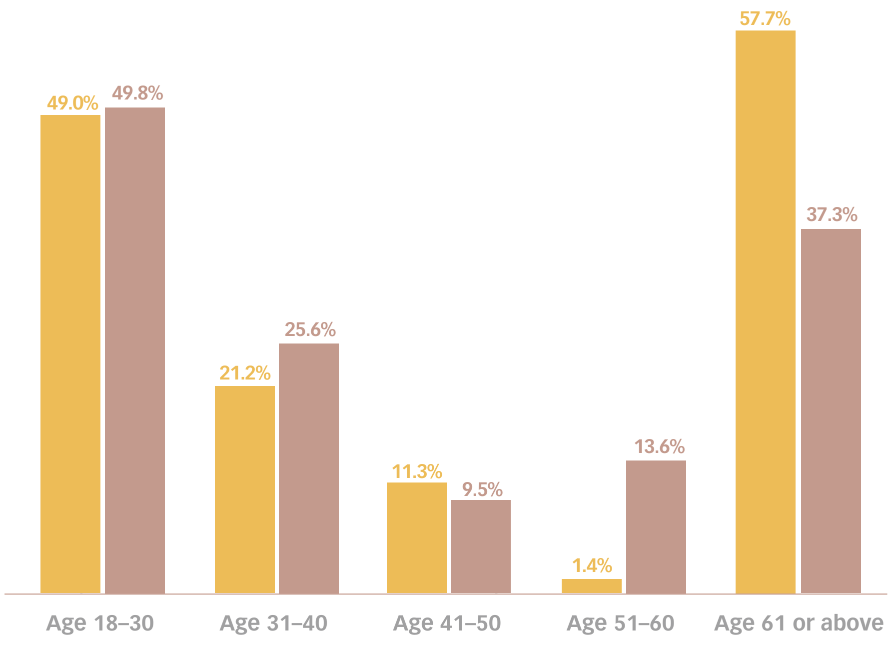


Shenguan Collagen had a total of 646 full-time and contract employees from the Mainland China resigned voluntarily during the Year, the statistics of them by gender and age group are as follows:

Number of resigned employees by gender

Number of resigned employees by age group (Resigned employees aged 61 or above are mainly those who have retired upon reaching legal retirement age)

The following shows the percentage of the number of resigned employees in the age group to the total number of employees in the respective age groups:



The human resource management of the Group is mainly regulated by 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》), the Law of the PRC on the Protection of Women's Rights and Interests (《中華人民共和國婦女權益保障法》), the Trade Union Law of the PRC (《中華人民共和國工會法》), the Underage Workers Special Protection Provisions (《未成年工特殊保護規定》), the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) and other applicable laws and regulations. The laws and regulations require enterprises to establish sound rules and regulations to protect the rights and interests of employees, including reasonable working hours and holidays, payment of wages according to law, provision of social insurance and welfare, etc., and to clarify the rights and obligations of both parties in labour contracts. Enterprises must also bear the legal responsibility for jeopardising the rights and interests of workers. Based on the above measures, the Group did not identify any cases of material violations of laws and regulations regarding employment and human resources during the Reporting Period.

Prevention of Child or Forced Labour

We are always committed to building a mutual respect relationship with our employees. The subsidiaries of the Group recruit people in a fair, open and voluntary manner. Our human resources department strictly complies with the requirements of the Labour Law of the PRC and recruits people who are at the age of 18 or above holding a valid ID card issued by the Public Security Department of the PRC. The Group also strictly abides by the labour quota standard, in which we do not force or disguise to force employees to work overtime.

The Group has formulated relevant policies to prevent child labour or forced labour during the operations. The candidates are required to provide a proof of age at the time of the interview, and the Group will verify the actual age of the candidates on the spot. Our human resources department will also conduct background investigations on the candidates to ensure that the personal information provided by the candidates is true and accurate. In addition, we will regularly review the existence of the employment of child or forced labour in our business operations. We will sign a legal Labour Contract (《勞動合同》) with employees and do not allow any forced labour practices, including bonded labour, indentured labour, slave labour or human trafficking. If it is required for production and operation, our staff may need to extend the working hours as agreed between the trade union and our staff (except for special circumstances under the law), and the extended working hours and overtime wages should also be in line with related national laws.

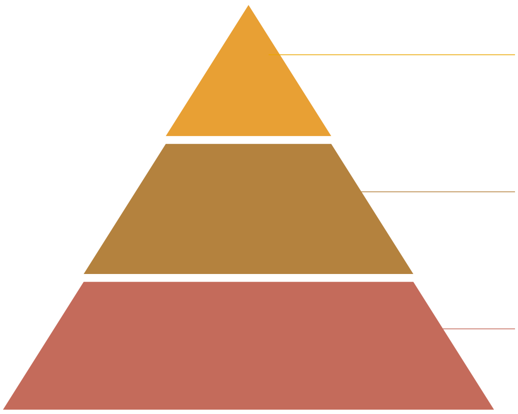
Once child labour is discovered, the Group must stop their work immediately, designate a special person to be responsible for taking the child labour to the hospital for health check, and notify local labour bureau. The Company shall not be allowed to dismiss the child labour immediately, so as to prevent them from getting into more serious difficulties. Upon investigation by the employee representative, if forced labour is discovered, the employee representative and the forced person can report to the labour department and the public security authority, and criminal liability shall be investigated in accordance with the law for those who have violated the law.

The labour standards of the Group are mainly regulated by the Labour Law of the PRC (《中華人民共和國勞動法》), Prohibition of Child Labour Provisions (《禁止使用童工規定》) and other applicable laws and regulations. The laws and regulations explicitly prohibit the recruitment of minors below the legal age and state that enterprises must take action to ensure that there is no violation of rights and interests such as the employment of child or forced labour. Based on the above prudent and comprehensive recruitment review process and related measures, during the Reporting Period, the Group did not identify any cases of violations of laws and regulations relating to the preventing child and forced labour.

Training and Development

The Group values the career development and prospect of its staffs and continues to identify potential talents by the tailored-made internal training plan. Through the training programmes, the Group expects to improve the staff's knowledge at work and foster them to develop diversified skills. Therefore, the staff can utilise their potential and grow together in line with the Group's strategies.

The Group has established the 2025 Employee Training Plan (《2025年員工培訓計劃》) and has put in place a comprehensive training regime and training policy to support on-the-job education and training of the staff in order to upgrade our staff's knowledge and skills. During the Year, the Group provided additional training to safety directors and safety operators of entities using specialised equipment. We promise to continue to invest resources in providing the best training opportunities to help staff achieving personal and career advancement.



- External training: Job training for special positions. We also offer subsidy to our staff for external training
- On-the-job training: Accreditation for job qualifications (job theory and practice) and annual training programmes formulated according to the operation objectives of the Company
- Orientation training courses: Programmes on rules and system on personnel, professional quality, corporate management system, industrial safety and working environment, qualitative foundation, etc.

Employees receive training as required

Due to decrease in total number of employees in 2025 as compared to 2024, the total training hours have been reduced as compared to 2024. During the Reporting Period, the relevant training data are as follows:

Total training hours in 2025:
26,765.8 hours
(2024: 30,316.0 hours)

Percentage of trained employees in 2025:
86.5%
(2024: 86.0%)

Average training hours per employee in 2025:
10.1 hours
(2024: 10.8 hours)

Average training hours by gender

Average training hours of male employees in 2025:
10.7 hours
(2024: 10.4 hours)

Average training hours of female employees in 2025:
9.1 hours
(2024: 11.4 hours)

Ratio of male employees among all trained employees in 2025:
50.0%
(2024: 58.5%)

Ratio of female employees among all trained employees in 2025:
50.0%
(2024: 41.5%)

Average training hours by position type

Average training hours of management-level employees in 2025:
22.1 hours
(2024: 13.7 hours)

Average training hours of general staff-level employees in 2025:
10.0 hours
(2024: 10.8 hours)

Ratio of management-level employees among all trained employees in 2025:
0.6%
(2024: 0.5%)

Ratio of general staff-level employees among all trained employees in 2025:
99.4%
(2024: 99.5%)

03

Environmental Protection

"Prevention first, construction and protection going hand in hand"

ENVIRONMENTAL PROTECTION

Use of Resources

The Group is actively committed to promoting environmental protection and effective use of resources in order to promote a green environment for office and production with four basic principles – reduce, re-use, recycle, and replace. The Group strives to create outstanding and effective energy-saving and consumption reducing management measures. The Group has formulated the Guidelines on Energy and Water Conservation in Factories (《工廠能源及用水節約指引》), Guidelines on Energy and Water Conservation in Offices (《辦公室能源及用水節約指引》) and Guidelines on the Effective Use of Packaging Materials (《包裝材料有效使用指引》) to strengthen the energy consumption management within the plants, at the same time, the Group conducts annual evaluation and assessment of energy-saving target responsibilities and commissions third parties to carry out energy efficiency diagnostics. Shenguan Collagen has obtained the ISO 14001 environmental management system certification to ensure that the Group has established a system to support sustainable operation, and effectively manage its impact on the environment, thus enhancing overall efficiency and maintaining competitiveness.

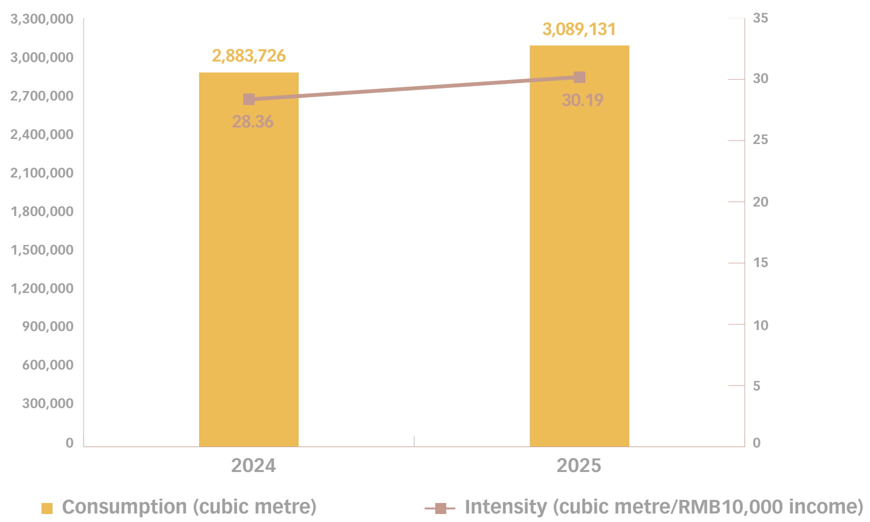
The Group also actively promotes recycling and waste treatment by formulating the Environmental Impact Assessment Report on Waste Treatment (《廢棄物處理環境影響評估報告》) and the Product Recycling Plan Implementation Report (《產品回收計劃實施報告》) to enhance environmental management of our plants and improve resource recycling rates. Through these measures, we have not only reduced negative impacts on the environment but also increased production efficiency, achieving a win-win scenario of economic benefits and environmental protection.

Water Resource Use and Efficiency

As a food manufacturer whose production activities require water resources, our water consumption was mainly for production and staff's domestic usage. The Group is fully aware of the significance of water resource protection for environmental ecology. Our policy is to implement the recycle and reuse of water as much as possible and reduce the consumption of natural or clean water. A portion of the limewater and condensate water generated from the production process is treated for reuse through our own sewage treatment equipment, effectively reducing both water consumption and sewage discharge, and saving cost. We use water provided by the government and have no difficulty in obtaining suitable water sources.

Owing to the increase in the number of washing cycles in the leather washing process during the Year, the total water consumption and intensity of the Group increased during the Reporting Period as compared to the prior year. During the Reporting Period, the total water consumption of the Group was as follows:

Water consumption (cubic metre) and intensity (cubic metre/RMB10,000 income)



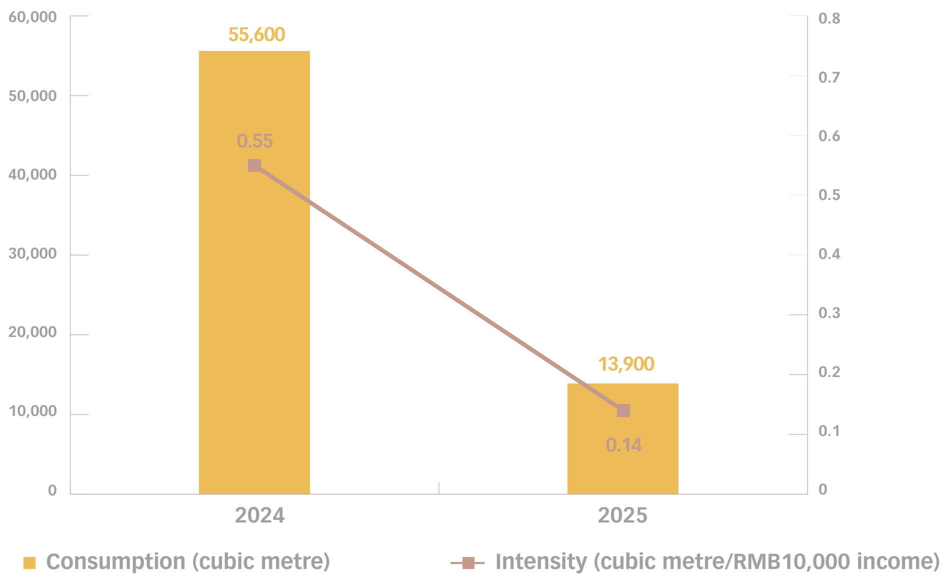
Energy Use and Efficiency

The Group has increased investments for energy conservation and emission reduction equipment, including phase-out of energy-consuming motors and replacement with highly-efficient motors. Besides, it has completed the upgrading of the heat pump system of sausage casing workshop, with a view to reducing electricity consumption per unit[7] so as to improve efficiency and conserve electricity. We also carried out tunnel expansion and energy saving renovation, and regularly cleaned the refrigeration system to ensure heat dissipation capacity and reduce unit consumption. In addition, the Group has formulated its production plans after taking into account the effect of climate and sales seasonality to make full use of production capacity. For example, the production efficiency is usually low with high energy consumption in summer. We will avoid large-scale production in summer when formulating a production plan, so as to reduce energy consumption and improve production efficiency. In addition, a 45,000-square-metre photovoltaic power generation system has been installed on the roof of the Sifu plant, which is now connected to the grid and partially replaces the public power supply for the plant. The system generates approximately 7.2 million kWh of solar energy per year, reducing carbon emissions by approximately 7,200 tonnes.

During the Reporting Period, the Group actively improved the supporting facilities of various production lines and comprehensively promoted the technical transformation of mechanized, automated and intelligent production.

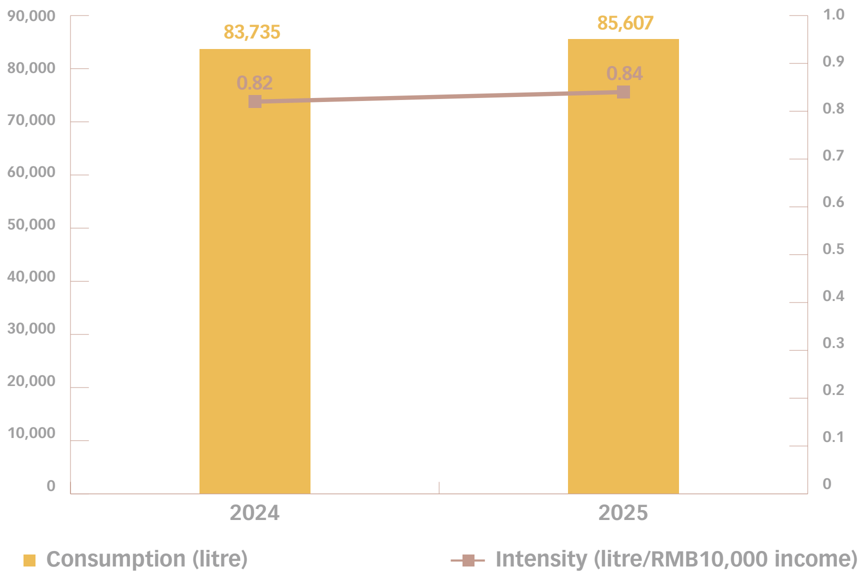
Owing to the production process adjustments of cellulose workshop during the Year which altered the amount of cellulose used, the production equipment consequently reduced its natural gas consumption. As a result, a significant decrease in natural gas consumption was recorded. Major energy consumption of the Group during the Reporting Period was as follows:

Natural gas consumption (cubic metre) and intensity (cubic metre/RMB10,000 income)

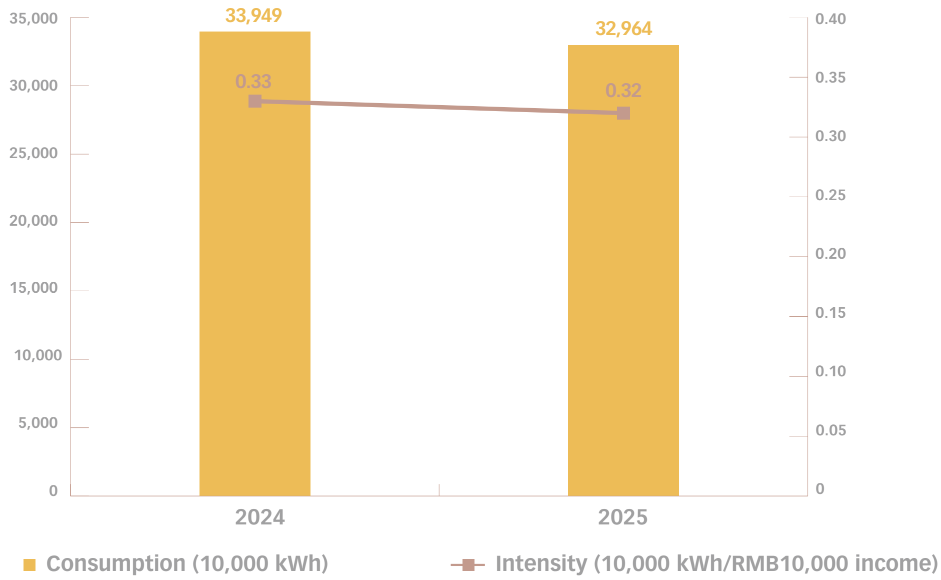


7 Electricity consumption per unit refers to the amount of electricity needed in producing a product.

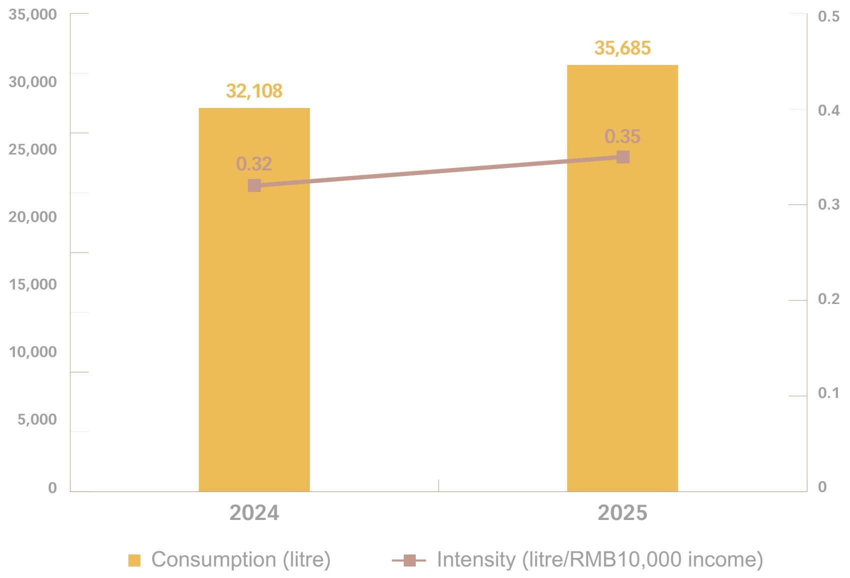
Diesel consumption (litre) and intensity (litre/RMB10,000 income)



Electricity consumption (10,000 kWh) and intensity (10,000 kWh/RMB10,000 income)



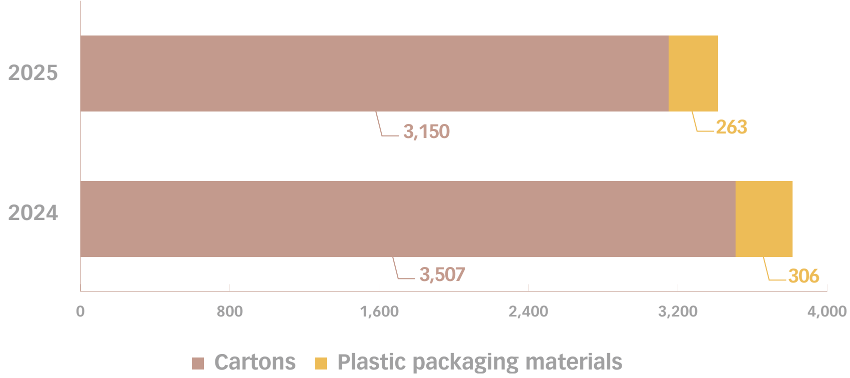
Petrol consumption (litre) and intensity (litre/RMB10,000 income)



Use of Packaging Materials

During the Reporting Period, by adjusting our packaging methods and volumes, the Group had made better use of packaging materials to eliminate waste. In addition, the used packaging cartons were recycled after treatment with an aim to further reduce wastes for disposal. Owing to a decrease in the production volume of collagen and casings this year, the usage of packaging materials also went down. The packaging materials used by the Group during the Reporting Period were as follows:

Packaging materials usage amount (tonne)



Emissions

The Group is committed to building an environmentally-friendly corporation and strives to minimize the sewage and production of non-hazardous waste during the manufacturing process and reduce the effect of exhaust emission on the surrounding environment. We take precautions against any unnecessary pollution, assess the source of emissions regularly and work on plans that can reduce emission from the source. We also make every effort to explore more opportunities to re-use and make the most of waste and sewage in order to continuously improve the equipment and process for disposal of emissions and ensure their effectiveness. When purchasing machinery and equipment, the Group will give priority to advanced environmentally-friendly products to ensure that their emissions meet national emission standards and further strengthen the environmental performance of the Group.

In addition, we devote sufficient resources to advocate the Group's environmental policy to our staff so as to strengthen their awareness of waste reduction. We have established the safety and environmental protection department and environmental protection workshop with a vice president in charge of environmental protection and a dedicated environmental protection staff responsible for the environmental management of the Group. We also established environmental protection workshops within the production plants to deal with the sewage. In our environmentally friendly workshops, we have added ash filter presses to recover a large amount of lime-ash, thereby reducing the impact on the sewage treatment system.

As a manufacturing enterprise, the Group is mainly regulated by the Law of Prevention and Treatment of Water Pollution of the PRC (《中華人民共和國水污染防治法》), the Solid Waste Environment Protection and Control Law of the PRC (《中華人民共和國固體廢物污染環境防治法》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》), the Environment Protection Law of the PRC (《中華人民共和國環境保護法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and other relevant laws and regulations. The laws and regulations require that enterprises must take effective measures and methods to prevent and control water pollution, solid waste pollution and air pollution, and strictly abide by regulatory guidelines on supervision and management, including environmental impact assessment, accurate monitoring of emissions, installation of purification devices, etc., and ensure compliance with the emission standards. Production units shall be liable for the environmental damage caused. The Group shall comply with laws and regulations by implementing the following measures to deal with emissions. During the Reporting Period, the Group did not identify any cases of material violations of environmental-related laws and regulations.

Sewage Discharge and Management

The Group collects sewage generated during the manufacturing process into a collection pool for sewage treatment. Through resource-efficient methods, the sewage undergoes pre-treatment before being directed into the biochemical treatment system. Once it meets the required standards, the sewage will flow into the sewage treatment plant in Wuzhou City for in-depth disposal to further purify the sewage. The Group has also formulated the Emergency Response Plan for Leakage of Wastewater (《廢水洩漏緊急處置方案》). In addition, the Group has installed an advanced monitoring system to monitor emission data more effectively and accurately and review the resulting environmental impact.

During the Reporting Period, the sewage pollutants of the Group fully met the discharge standards. The Group reduced sewage by conserving water and recycling purified sewage. Owing to the adjustment of cleaning process of raw materials of cattle hides and the increase in the stock of raw materials of cattle hides, the number of washing cycles in the leather washing process increased, resulting the increase of the volume of sewage treated by the Group during the Reporting Period. As a result, the Group outsourced part of its production sewage to a nearby company equipping with a sewage treatment system in order to improve the efficiency of sewage treatment. The volume of sewage treated (including those outsourced to other companies) during the Reporting Period was as follows:

Sewage discharge volume

The volume of sewage treated in 2025:

2,208,449 m^3

(2024: 1,928,786 m^3)

Compared with 2024:

↑ 14.5%

The volume of sewage treated

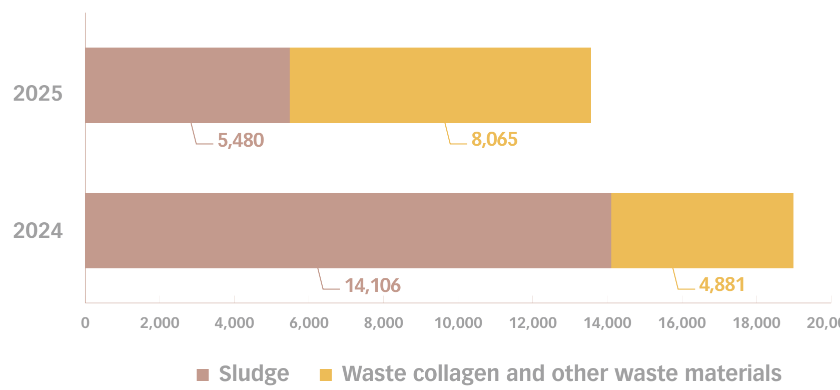
Waste Disposal and Management

The Group strives to minimize the manufacturing of waste during the production process and comply with the relevant laws and regulations through strictly complying with its waste management policies, including the Management Measures for the Transfer of Hazardous Waste (《危險廢物轉移管理辦法》), Technical Specifications for the Setting of Hazardous Waste Identification Signs (《危險廢物識別標誌設置技術規範》) and Standard for Pollution Control on Hazardous Wastes Storage (《危險廢物貯存污染控制標準》), etc. The main wastes produced by the Group are waste collagen and other waste materials generated during the production process and sludge converted therefrom, which does not involve the generation of significant hazardous wastes. Therefore, the disclosure of hazardous waste information is not applicable.

The Group's collagen workshop is equipped with the lime-ash recovery projects and ash filter presses to recover a large amount of lime-ash, thereby reducing the impact on the sewage treatment system. In addition, the Group will recycle waste collagen and other waste materials. The Group has been increasing the recycling of waste materials and lime-ash from the collagen workshops and casing workshops to produce organic fertilizer. Waste materials that are not recycled will be converted into sludge for further treatment. For sludge, active bacteria were added to the sewage, which could be used to pull out and concentrate the stagnant mud produced by biochemical treatment through the sludge pump. This could reduce the water content in the sludge by filtration and dehydration through a chamber pressure filter, so as to reduce the volume of the waste. All the processed sludge would be handled by a qualified company. The Group has also formulated the Emergency Response Plan for Leakage During Transportation of Waste Residues (《廢渣運輸過程洩漏緊急處置方案》).

The Group achieved a significant reduction in sludge generation this year through process improvements and workflow optimization. Additionally, owing to the large-scale equipment cleaning work implemented during the Year, the amount of waste collagen and other waste materials generated increased compared to the previous year. During the Reporting Period, the non-hazardous solid wastes produced by the Group and their respective recovery volume were as follows:

Production volume of non-hazardous waste (tonne)[8]



Recovery volume of non-hazardous waste

The volume of non-hazardous waste[9] recovered in 2025:

59.5%

(2024: 25.7%)

The volume of waste collagen and other waste materials recovered in 2025:

100%

(2024: 100%)

8 Waste collagen and other waste materials included the wastes arising from the treatment of lime-ash.

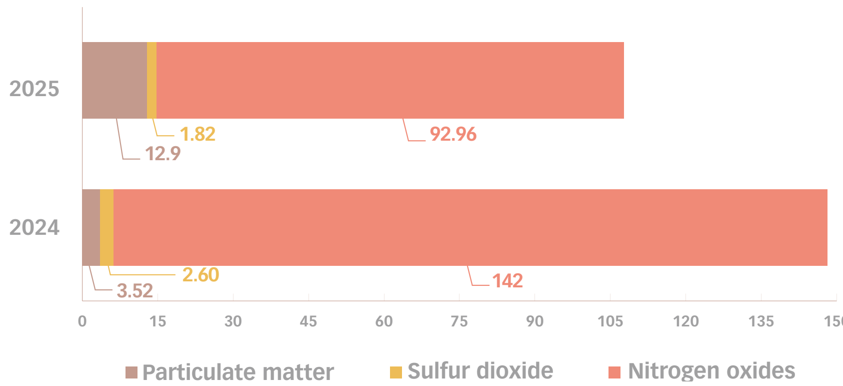
9 The data of volume of non-hazardous waste recovered is the percentage of waste recycled or reused to the total production volume of non-hazardous waste.

Air Pollutant Emissions and Management

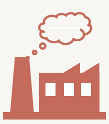
Air emissions are induced from certain process production and auxiliary procedure. The exhausted gas emitted are generated from the operation of natural gas boilers (including particulate matter, sulfur dioxide and nitrogen oxides) and hydrogen chloride exhaust generated from production. The actual total emissions and emission intensity of particulate matter, sulfur dioxide and nitrogen oxides are basically the same as last year, while emissions of hydrogen chloride decreases. In accordance with the environmental impact assessment report, the Group has prepared a Self-Monitoring Plan (《自行監測方案》) to regularly monitor exhaust gas at monitoring points and plant boundaries, monitor the emission data and assess the environmental impacts caused, and take corresponding measures in respect of potential air pollution incidents in accordance with the Emergency Response Plan for Environmental Accidents (《環境事故應急預案》). In the future, the Group will continue to seek feasible emission reduction measures to further reduce the environmental impact of production activities.

The Group's air emissions decreased during the Reporting Period as compared to the prior year. The air emissions of the Group during the Reporting Period were as follows:

Air emissions (kilogram) – particulate matter, sulfur dioxide and nitrogen oxides[10]



Air emissions – hydrogen chloride



Emissions of hydrogen chloride in 2025:

487,972 m^3

(2024: 491,304 m^3)

Compared with 2024:

↓ 0.7%

Emissions of hydrogen chloride

Indoor Air Quality

It is the mission of the Group to provide employees with a comfortable, clean and safe working environment. We are aware that exhaust gas is released during some production and auxiliary production processes. Healthy indoor air flow is very important to enhance indoor air quality and prevent the accumulation of particulate matter, carbon dioxide and nitrogen oxides in the production areas. We use air purification equipment in the workplace for mechanical ventilation to filter out pollutants and impurities, regularly clean the ventilation system, as well as monitor indoor air quality in the workplace to ensure good indoor air quality and protect the health of employees.

[10] There is no specific requirement from government departments requiring the Group to monitor carbon dioxide emissions from natural gas boilers. Therefore, no corresponding monitoring has been done during the Reporting Period.

Potential Significant Impacts

The Group is clearly aware of the multifaceted impacts on enterprises in various aspects of implementing the Interim Measures for the Management of Carbon Emission Trading (《碳排放權交易管理辦法(試行)》), the Atmospheric Pollution Prevention and Control Law of the PRC (《中華人民共和國大氣污染防治法》) and the Cleaner Production Promotion Law of the PRC (《中華人民共和國清潔生產促進法》). These laws and regulations have increased operational costs, including the purchase of carbon emission allowances, investments in pollution control facilities, and upgrades to cleaner production technologies. They also require the establishment of stringent environmental monitoring and management systems to ensure compliance with the environmental standards by all production activities. While implementation of these laws and regulations may increase short-term operational costs and financial pressure, they will drive the long-term technological innovation, adoption of greener production technologies and management methods, enhancing the Group's environmental reputation and market competitiveness. By achieving efficient resource utilisation and reducing pollutant emissions, the Group not only meets the requirements of the laws and regulations but also advances further on the path of sustainable development.

Greenhouse Gas Emissions and Management

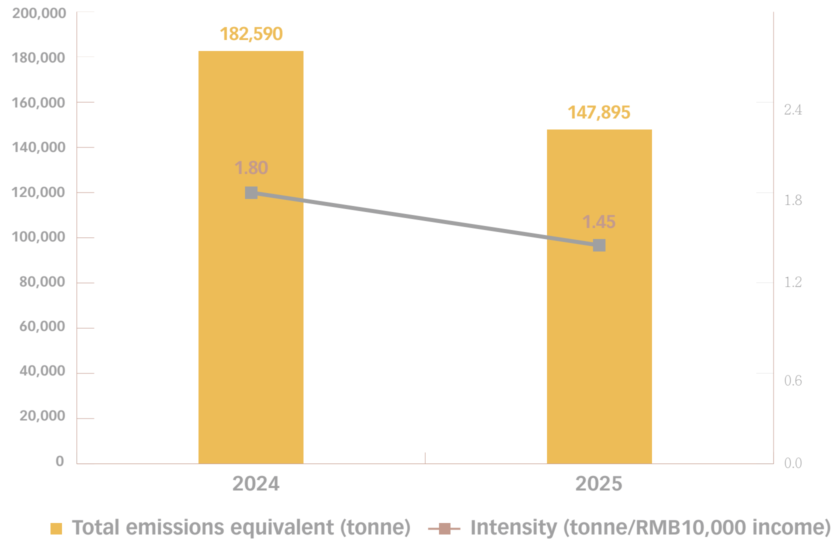
We are fully aware of our responsibility to reduce greenhouse gas emissions in the course of the operation and is committed to controlling the risks and impact of related emissions on its business. Our carbon emissions are mainly derived from energy consumption of electricity, fuel oil and natural gas. We will actively formulate policies to cope with the impact of emissions, such as continuously evaluating, reporting and reviewing greenhouse gas emissions from energy consumption in the course of the operation and their impact on the environment, which form the basis for emission reduction targets set by us.

While keeping close attention to the impact of our business operation on the environment, we will further identify new opportunities in the process of greenhouse gas emissions management, with a goal to continue controlling greenhouse gas emissions equivalent[11]. Please refer to the above section headed "Use of Resources" for details.

[11] The calculation of carbon emission is performed in accordance with the Reporting Guidance on Environmental KPIs (《環境關鍵績效指標匯報指引》) of Hong Kong Stock Exchange, Notice on Doing a Good Job in Reporting and Verifying Greenhouse Gas Emissions of Enterprises in Some Key Industries in 2023–2025 (《關於做好2023–2025年部分重點行業企業溫室氣體排放報告與核查工作的通知》) of Ministry of Ecology and Environment of the PRC.

The Group's greenhouse gas emissions equivalent and intensity decreased during the Reporting Period as compared to the prior year. The relevant operational greenhouse gas emissions equivalent (Scope 1 and 2) generated by the Group during the Reporting Period were as follows:

Greenhouse gas emissions equivalent (Scope 1 and 2) (tonne) and intensity (tonne/RMB10,000 income)



Environmental Investment and Resources Reuse

Environment Impact Management

The Group is fully aware of the fact that environmental protection can decrease operational risk and increase business opportunities. We will make continuous efforts in bringing the concept of environmental protection and social responsibility into the Group's operations and policies. For example, as to new construction project, we will prepare environmental protection assessment report before the commencement of the construction project and implement the "Three-Simultaneous" project in accordance with the result and recommendations of the environmental protection assessment report. "Three-Simultaneous" is the policy which requires that pollution prevention and environmental protection facilities in new construction, reconstruction and expansion projects shall be designed, built and put into operation simultaneously together with the main part of the projects. In daily productions, we also engage a third party to conduct monthly environmental supervision and monitoring, with an aim to ensure all three production zones maintain up-to-standard discharge with a focus on energy conservation and pollution reduction. The Group will continue to improve the production process and update the production equipment to avoid the abuse and wastage of natural resources. In addition, we have also set up an emergency response system to deal with environmental incidents. We have also formed a task force to promptly address and reduce the damage of the incidents to the environment. The risk management and internal audit systems of the Group have conducted regular assessment and follow-up on the risks related to the environment and society, and all business departments have also formulated appropriate internal control and risk response plans in respect of major risks, including the annual safety target management responsibility statement for production, fire protection and environmental protection, and environmental emergency plans.

Apart from complying with the existing national and related provincial environmental protection rules and standards, we also take the initiative to issue an environmental protection proposal to the staff of the subsidiaries of the Group, suppliers and partners so as to improve the environment as a team. The Group will continue to encourage its employees to protect the environment and conserve natural resources, with an aim to enable all staff to proactively participate in environmental protection and voluntarily comply with environmental protection laws and regulations.

Furthermore, the Group places great emphasis on the community environment, assessing the surrounding environment and its impact on local flora and fauna. To this end, we have developed the Environmental Monitoring Report on the Surroundings of Production Facilities (《生產設施週邊環境監測報告》), the Environmental Protection Policy (《環境保護政策》), and the Biodiversity Conservation Management Manual (《生物多樣性保護管理手冊》). These documents aim to systematically monitor and manage the impact of our production activities on the surrounding environment, ensuring that our operations do not adversely affect local ecosystems. Through these measures, we not only protect the natural environment but also strengthen harmonious relations with local communities, further demonstrating our responsibilities and commitments as a corporate citizen.

Noise Pollution

The Group strictly complies with relevant laws and regulations on noise pollution, including but not limited to the Noise Pollution Prevention and Control Law of the PRC (《中華人民共和國噪音污染防治法》). Due to the heavy use of machinery and instruments in the Group's production activities, the Group attaches great importance to eliminating vibration and noise sources during the production process to avoid noise transmission. The Group reasonably distributes the workplace of power machinery and tries to avoid running multiple large mechanical devices at the same location. However, it is forbidden to work at night in areas near residences, so as it will not affect the surrounding communities. In addition, if the use of air compressors, generators and other types of machinery generate strong noise, the Group will add silencers to reduce noise.

Climate-Related Management

In facing climate change, the Group is aware of the potential risks thereof, including the increasing frequency of extreme weather events worldwide (such as heavy rain, thunderstorms, cold wave, strong gale, high temperatures, etc.). The Group is fully aware that climate risks and opportunities may impact our industry and business operations. Therefore, we have integrated relevant management measures into our corporate governance structure to strengthen long-term climate resilience and propel the Group's sustainable development. During the Year, the Group has made climate-related disclosures in accordance with Part D of the Hong Kong Stock Exchange's latest Environmental, Social and Governance Reporting Code, further enhancing our transparency in managing climate risks and opportunities.

Climate-Related Risks and Opportunities

To mitigate the impact of climate risks on the Group's sustainable development and to help the Group seize climate-related opportunities, we have integrated policies concerning climate risks and opportunities into our overall development strategy. Through a robust governance framework and cross-departmental collaboration, we strive to enhance the Group's climate resilience and alleviate the impact of climate change on our production and operations. Currently, the Group has yet to formulate a specific transition plan. However, we actively respond to the requirements of national green planning, and guided by key indicators, we are progressively refining our governance structure and data foundation, steadily advancing the Group's transition towards green, low-carbon, and efficient operations.

Climate Risk Management

The Group incorporates climate change risks into our enterprise risk management framework. We have identified the climate-related risks and opportunities described below, which are managed under the leadership of the Group's management with the cooperation from all departments. Moreover, through annual and rolling systematic assessments of climate risks, the Group prioritizes them based on their impact on business continuity, supply chain stability, and financial performance. For higher-priority risks that need to formulate operational procedures and management measures, such as extreme weather events, the Group has established corresponding contingency plans and response teams to minimize the impact on assets and operations. For more information on enterprise risk management, please refer to the Risk Management and Internal Control section in the Group's annual report.

The Group's management conducts a phased analysis of climate-related risks and opportunities, taking into account the Group's business characteristics and operational situation. A "short-term, medium-term, and long-term" time frame is adopted to ensure that decisions are both forward-looking and actionable. The selected time frame and the rationale for their selection are as follows:

- Short-term (up to 2026): The year 2026 is set as the short-term baseline year, focusing on climate risks that can be managed and influenced immediately. Mitigation and adaptation measures are integrated into current planning, operations, and capital allocation, prioritizing the strengthening of operational resilience and implementation effectiveness.

- Medium-term (up to 2030): The year 2030 serves as a medium-term milestone, facilitating a systematic assessment of transition risks and opportunities, emissions trajectories and target progress, supply chain resilience, and operational performance, pursuant to which strategies and resources deployment will be adjusted.

- Long-term (up to 2050): The year 2050 is established as the long-term development target period, focusing on corporate strategic resilience, asset portfolios, and structural adjustments to major investment decisions, by which enhance the Company's capability to create sustainable value and enhance overall risk management capabilities.

Based on the above time frame, the Group has identified the following climate-related risks and opportunities:

Risk Type	Risk Description	Time Frame	Potential Financial Impact	Response Measures
Physical Risk (Acute)	Extreme heat, heavy rain and flooding, typhoons, drought, and extreme cold events	Short-term, medium-term, long-term	• Extreme high temperatures, heavy rain/flooding, typhoons, and extreme cold weather lead to increased air conditioning/heating and energy costs, equipment maintenance and replacement, facility reconstruction and fire protection upgrades, and rising insurance expenses, thereby driving up capital expenditure and financial burdens; • Damage to warehousing and machinery, inventory spoilage due to dampness, increased fire risk, logistics delays, and factory shutdowns which affect delivery and sales, leading to revenue loss, declining gross margins, inventory backlog or shortages, and may trigger compensation risks and cash flow pressure; • High temperatures and other conditions would reduce employee productivity and increase scheduling and labour costs.	• The Group's Safety and Environmental Department has developed corresponding emergency plans for extreme weather events and established a dedicated emergency response team responsible for implementation and support. These include the formulation and regular drilling of the "Flood Prevention and Control Emergency Plan" to ensure the Company can effectively respond to the impacts of extreme weather; • Conduct specialized training and awareness campaigns on responding to extreme weather to strengthen employees' risk identification and self-protection capabilities; • Establish and implement a regular safety hazard identification and rectification mechanism, promptly addressing risk points to enhance overall operational safety and resilience.

[12] In considering the completeness of relevant data and the methodology still being in the development stage, and to ensure the rigor and reference value of the information disclosed, a qualitative assessment was prioritized for the Year. Moving forward, depending on the maturity of internal technical capabilities, quantitative scenario analysis will be promoted in phases to deepen the resilient management of climate risks.

Risk Type	Risk Description	Time Frame	Potential Financial Impact	Response Measures
Physical Risk (Chronic)	Climate change leads to rising average temperatures, changes in rainfall patterns, and sea-level rise	Medium-term, long-term	• Extended operation of air conditioning and cooling systems increases energy expenses and equipment maintenance costs; upgrading working environments and heat prevention measures (such as air conditioning and labour protection) raises personnel and facility expenditures; • Deterioration of materials/ products which leads to spoilage and returns, compressing gross profit margins and increasing operating costs; • Frequent repairs, cleaning, and investment in moisture-proof equipment drive up daily operating expenses; rising insurance premiums and disaster prevention project costs increase cash flow pressure; • Disruptions in warehousing and logistics cause supply delays and sales losses; warehouse relocation or site selection incurs additional rental, moving, and renovation costs.	• Upgrade lighting and temperature control equipment and introduce an energy management system to dynamically manage and optimize energy efficiency; • Secure adequate insurance coverage for assets and inventory, improve insurance claims and renewal mechanisms to diversify operational risks and mitigate the impact of disaster losses; • Incorporate assessments of climate-related physical and transition risks (such as flooding, extreme heat, sea-level rise, etc.) during the site selection phase for factories and warehouses to support scientific decision-making and reduce asset exposure.

Risk Type	Risk Description	Time Frame	Potential Financial Impact	Response Measures
Transition Risk (Policy and Legal Risk)	The government requires more stringent emission policies	Medium-term, long-term	• Government requirements for corporate environmental protection and carbon management are becoming increasingly stringent, covering energy consumption standards, carbon emission inventory and management, and the development of green supply chains; • Expenditures on carbon taxes, carbon trading, and emission allowances drive up daily operating costs.	• Improve the carbon emission management mechanism, establish regular policy monitoring and compliance assessments, and promptly adjust management measures and operational strategies in response to regulatory changes; • Establish a carbon reduction cooperation mechanism with key suppliers, promote projects focused on energy efficiency improvement, low-carbon materials, and green logistics, and integrate these into supplier evaluation and procurement access requirements. This aims to enhance emission reduction and compliance performance across the entire chain.
Transition Risk (Technology Risk)	Low-carbon investment, research and development of green products, and low-carbon equipment replacement	Medium-term, long-term	• The initial adoption of low-carbon technologies, equipment, and system upgrades increases capital expenditures, subsequently rising depreciation and maintenance costs; • Rapid technological iteration and shortened replacement cycles result in recurring investments and capital tie-up, exerting pressure on cash flow and capital allocation.	• Introduce third-party investment to construct green power facilities (such as distributed photovoltaics) in the industrial park, thereby increasing the proportion of self-generated and self-consumed electricity, replacing a portion of grid electricity consumption, and reducing carbon emissions and energy costs; • Consider the feasibility of introducing green financing to support the research and development of low-carbon products and the upgrade of low-carbon equipment in the future.

Risk Type	Risk Description	Time Frame	Potential Financial Impact	Response Measures
Transition Risk (Market Risk)	A shift in customer consumption behaviour and preferences towards favouring green, environmentally-friendly, and low-carbon products.	Medium-term, long-term	• Shifts in customer preferences lead to declining sales of traditional products, reducing revenue and worsening inventory turnover; • Developing environmentally-friendly products/packaging requires additional R&D investment and higher-cost materials; • Insufficient sustainability commitments may weaken customer loyalty, jeopardise long-term sales performance, and valuation premiums.	• Increase R&D and capital investment to drive product design and process upgrades, and collaborate with upstream and downstream partners to introduce low-carbon materials and manufacturing processes, systematically reducing product carbon footprint; • Allocate resources to pursue green commitments and performance externally and engage communication with stakeholders, strengthening the sustainable brand image and market trust.
	Energy cost fluctuations	Medium-term, long-term	• Rising energy prices increase electricity and fuel costs, compressing gross and net profit margins; • Energy market instability necessitates adjustments to supply and transportation strategies, incurring additional expenses.	• Gradually replace high-energy-consumption fuel-powered vehicle fleets with electric vehicles (EVs) to reduce dependence on fossil fuels and exposure to price fluctuation, while simultaneously lowering greenhouse gas and pollutant emissions from transportation; • Continuously invest funds in installing solar photovoltaic panels to further increase the proportion of green energy used by the enterprise.

Opportunity Type	Opportunity Analysis	Time Frame	Response Measures
Renewable energy application	The maturation and cost reduction of renewable energy technologies, including distributed photovoltaics, direct green power purchase/trading, wind energy, biomass, and energy storage, can provide stable, low-carbon, and cost-competitive energy sources in the medium to long term.	Short-term, medium-term, long-term	• Continue to increase investment in the construction and upgrading of renewable energy facilities such as photovoltaics and wind power, thereby increasing the proportion of clean energy and reducing operational carbon intensity and energy costs.
Talent attraction and employer brand competitiveness driven by low-carbon transition	As climate risks increase, consumers, governments, and investors are paying more attention to corporate environmental performance, while employees and job seekers also place greater emphasis on an organization's climate and sustainability commitments. Companies that actively promote low-carbon transition (such as emission reduction, green logistics, and circular product lines) not only align with these trends but can also strengthen their employer brand, enhance recruitment and retention, particularly attracting younger generations, and establish a long-term human capital advantage in the competitive retail and distribution industry.	Medium-term, long-term	• Uphold the Group's commitment to green and sustainable development to build a positive employer brand image; • Continue to deepen and optimize compensation management and benefit systems to maintain attractiveness to employees.

Metrics and Targets

To ensure the effective implementation of climate-related strategies, actions, and risk management, the Group has established and implemented quantifiable and trackable climate metrics and targets. Climate considerations are systematically integrated into strategic planning and operational decision-making processes. The following targets are regularly monitored and evaluated by the Board for performance effectiveness.

Category	Target	Progress
Carbon emissions	We will continue to monitor the Group's greenhouse gas emissions (Scope 1, 2, and 3), aiming to maintain the intensity of Scope 1 and 2 emissions in 2030 at the same level as in 2025, thereby fulfilling the corporate social responsibility for sustainable development.	In 2025, the total carbon emissions decreased by approximately 13% compared to 2024, further reducing the carbon footprint.
Waste Reduction	Try to minimize waste generated from business activities and operations, aiming to maintain the waste intensity in 2030 at the same level as in 2025, thereby reducing the burden on local landfills.	In 2025, the amount of non-hazardous waste generated decreased by approximately 29% compared to 2024, and 100% recycling was achieved again.
Energy use efficiency	Increase investment in energy-saving and emission-reduction equipment, aiming to maintain the electricity usage intensity in 2030 at the same level as in 2025.	In 2025, grid electricity consumption decreased, achieving an overall reduction of approximately 3%. Solar photovoltaic power generation systems have been installed in some plant areas.
Water use efficiency	To maintain the intensity of water consumption and the intensity of wastewater treated in 2030 at the same level as in 2025.	In 2025, due to an increase in the number of washing cycles in the leather washing process, water consumption increased slightly.

In addition, the Group allocated the following funds for climate-related investments during the Reporting Period:

- Invested RMB22,892,800 in the Shenguan Collagen clean production plan, generating an economic benefit of RMB6,232,800;

- Invested RMB3,200,000 to replace equipment with higher-efficiency heat pump units, fully utilizing the generated cooling and heating sources for dehumidification, cooling, and tunnel heating, thereby reducing electricity consumption and achieving energy savings;

- Collaborated with third parties to introduce funds for the construction of a solar photovoltaic (PV) project, utilizing self-generated solar power for production. This reduced the consumption of electricity from the public grid by approximately 2.1% and lowered the Group's energy consumption intensity.

Currently, the Group has yet to implement internal carbon pricing, but will evaluate its mechanism and feasibility in the future and make timely public announcements. Furthermore, regarding the specific financial data (including amounts and proportions) of the assets or business activities affected by climate-related physical risks, transition risks, and opportunities, the Group will establish a reliable data collection process and evaluation model based on its own circumstances and disclose them in future ESG reports.

04

Community Investment

"Active participation in public welfare undertakings"

COMMUNITY INVESTMENT

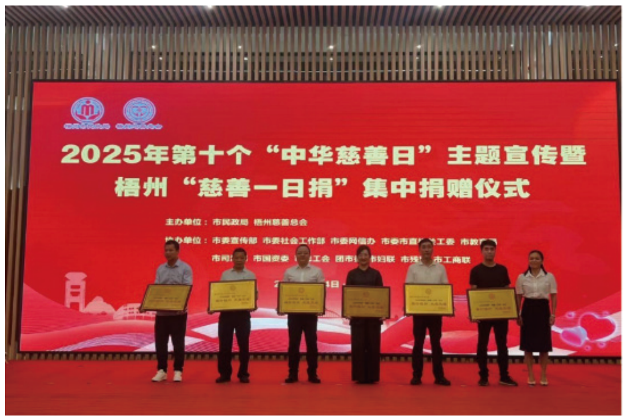
Social Welfare

The Group never forgets to give back to society and is passionate for social welfare activities while pursuing its own corporate development. We have formulated the Measures for the Administration of Public Welfare Activities and Charities (《公益活動和慈善事業管理辦法》), which defines the charity principles of social welfare activities and charities, specifies the scopes, types and beneficiaries of public welfare activities and charities, and stipulates the relevant procedures of donation cause, subject, channels, methods, and responsible party of the donation, composition and amount of the donation, as well as the procedures for handover of the donation.

The Group has established Shenguan Sunshine Charity Fund (神冠驕陽公益基金) to provide support for basic education, which offers financial assistance for the children in the impoverished areas to continue their education and help them to enjoy a happy and healthy childhood. These capitals are intended to fund charitable projects such as Spring Blossom Program (春蕾計劃), Wuzhou Education Foundation (梧州教育基金會), 99 Charity Day (99公益), which provide various kinds of financial assistance.

In 2025, the Group made a total donation of cash and supplies of RMB247,000. The Group has organized and is currently conducting charitable activities, including but not limited to social welfare activities such as the Spring Blossom Program (春蕾計劃), One-Day Charity Donation in China and donation of organic fertilizers to support rural revitalization.

Donated caring gifts to support 1,200 children in difficult situations in Wuzhou City



Donated cash and supplies in the Wuzhou "One-Day Charity Donation" campaign

Donated 300 caring gift packages to the teachers and students of Wuzhou Special Education School

Donated organic fertilizer to rural areas to support rural revitalization

SUMMARY OF STATISTICS

Emissions	Unit	2025	2024
Gas emissions (Released from production and auxiliary production processes)			
Nitrogen oxides (NO_x)	kilogram	**92.96**	141.90
Sulfur dioxide (SO_2)	kilogram	**1.82**	2.60
Particulate matter (PM)	kilogram	**12.90**	3.52
Hydrogen chloride (HCl)[13]	cubic metre	**487,972**	491,304
Sewage	cubic metre	**2,208,449**	1,928,786
Greenhouse gas emissions equivalent			
Total greenhouse gas emissions equivalent	tonne	**159,785**	183,567
Intensity (per RMB10,000 income)		**1.56**	1.52
Direct greenhouse gas emissions equivalent (Scope 1)	tonne	**347**	419
Energy indirect greenhouse gas emissions equivalent (Scope 2)	tonne	**147,548**	182,171
Other indirect greenhouse gas emissions equivalent (Scope 3)[14]	tonne	**11,890**	977

Non-hazardous waste category	Unit	2025	2024
Production volume			
Sludge	tonne	**5,480**	14,106
Waste collagen and other waste materials[15]	tonne	**8,065**	4,881
Recovery volume			
Non-hazardous waste[16]	–	**59.5%**	25.7%
Waste collagen and other waste materials[15]	–	**100.0%**	100.0%

13 Hydrogen chloride emissions = Regulated standard dry air volume x emission duration. The regulated standard dry air volume is the monitored data.

14 Currently, Scope 3 calculations include Category 5 (waste generated in operations), Category 6 (business travel), and Category 12 (end-of-life treatment of sold products).

15 Waste collagen and other waste materials include the wastes arising from the treatment of lime-ash.

16 The data of volume of non-hazardous waste recovered is the percentage of waste recycled or reused to the total production volume of non-hazardous waste.

Energy Consumption	Unit	2025	2024
Renewable energy consumption			
Solar photovoltaic panels	kWh	**7,208,132**	5,242,908
Direct energy consumption			
Diesel	litre	**85,607**[17]	83,735
Intensity (per RMB10,000 income)		**0.84**	0.82
Petrol	litre	**35,685**[18]	32,108
Intensity (per RMB10,000 income)		**0.35**	0.32
Natural gas	cubic metre	**13,900**[19]	55,600
Intensity (per RMB10,000 income)		**0.14**	0.55
Indirect energy consumption			
Electricity	10,000 kWh	**32,964**	33,949
Intensity (per RMB10,000 income)		**0.32**	0.33

Water consumption	Unit	2025	2024
Water consumption	cubic metre	**3,089,131**	2,883,726
Intensity (per RMB10,000 income)		**30.19**	28.36

Packaging materials category	Unit	2025	2024
Cartons	tonne	**3,150**	3,507
Plastic packaging materials	tonne	**263**	306

17 Energy consumption of diesel is equivalent to approximately 904,095 kWh.
18 Energy consumption of petrol is equivalent to approximately 347,290 kWh.
19 Energy consumption of natural gas is equivalent to approximately 155,256 kWh.

Total employees	Unit	2025	2024
Total number of employees at the end of the Reporting Period	headcount	**2,660**	2,800
Gender			
Male	–	**62%**	61%
Female	–	**38%**	39%
Age group			
Age 18–30	–	**9.0%**	9.8%
Age 31–40	–	**23.0%**	24.8%
Age 41–50	–	**45.0%**	44.4%
Age 51–60	–	**22.0%**	20.3%
Age 61 or above	–	**1.0%**	0.7%
Region			
Mainland China	–	**100.0%**	100.0%
Other regions outside Mainland China	–	**0.0%**	0.0%
Employment type			
Full-time and contracted	–	**100.0%**	100.0%
Others (part-time, fixed-term or casual)	–	**0.0%**	0.0%

Employee turnover rate	Unit	2025	2024
Resignation during the Year	headcount	**646**	644
Turnover rate[20]	–	**19.5%**	18.7%
Gender[21]			
Male	–	**20.0%**	19.3%
Female	–	**18.7%**	17.7%
Age group[21]			
Age 18–30	–	**49.8%**	49.0%
Age 31–40	–	**25.6%**	21.2%
Age 41–50	–	**9.5%**	11.3%
Age 51–60	–	**13.6%**	1.4%
Age 61 or above (mainly those who have retired upon reaching legal age)	–	**37.3%**	57.7%
Region[21]			
Mainland China	–	**19.5%**	18.7%

20 Employee turnover rate = number of employee turnover/(total number of employees at the end of the Reporting Period + number of employee turnover).

21 Employee turnover rate of this category = number of employee turnover of this category/(total number of employees of this category at the end of the Reporting Period + number of employee turnover of this category).

Employee training [22, 23]		Unit	2025	2024
Total number of employees trained		Headcount (–)	**2,300 (86.5%)**	2,409 (86.0%)
Total training hours		hour	**26,765.8**	30,316
Average training hours[24]		hour	**10.1**	10.8
Gender				
Male	Number of employees trained (% of trained employees)	headcount (–)	**1,151 (50.0%)**	1,410 (58.5%)
	Average training hours[25]	hour	**10.7**	10.4
Female	Number of employees trained (% of trained employees)	headcount (–)	**1,149 (50.0%)**	999 (41.5%)
	Average training hours[25]	hour	**9.1**	11.4
Position type				
Management level (Deputy manager or above)	Number of employees trained (% of trained employees)	headcount (–)	**14 (0.6%)**	13 (0.5%)
	Average training hours[25]	hour	**22.1**	13.7
General employee	Number of employees trained (% of trained employees)	headcount (–)	**2,286 (99.4%)**	2,396 (99.5%)
	Average training hours[25]	hour	**10.0**	10.8

Health and Safety of Employees	Unit	2025	2024	2023
Number of work-related fatalities (rate of work-related fatalities)[26]	Headcount (–)	**0 (0%)**	0 (0%)	0 (0%)
Lost days due to work injury	day	**919**	348	421

Suppliers	Unit	2025	2024
Mainland China	Number	**300**	352
Other regions outside Mainland China	Number	**0**	0
To implement the practice relating to engaging suppliers	Number	**300**	352

22 The training data only includes internal training, including online courses.

23 Only include full-time employees.

24 Average training hours = total training hours/total number of employees at the end of the Reporting Period.

25 Average training hours = total training hours of this category/total number of employees of this category at the end of the Reporting Period.

26 Rate of work-related fatalities = number of work-related fatalities/total number of employees.

CONTENT INDEX

The following is an index of the disclosure content of Environmental, Social and Governance Reporting Code as set out in Appendix C2 of the Stock Exchange in the Report.

Part B: Mandatory Disclosure Requirements

Disclosure content	Reporting guidelines	Reporting sections	Remarks
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Message from the Chairman Environmental, Social and Governance Structure	
Reporting Principles	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: **Materiality**: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. **Quantitative**: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/ energy consumption (where applicable) should be disclosed. **Consistency**: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	About the Report Reporting Standards Stakeholder Engagement Materiality Assessment	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope	

Part C: "Comply or explain" Provisions

Aspects	No.	Reporting guidelines	Reporting sections	Remarks
Environmental				
A1：Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection	
	A1.1	The types of emissions and respective emissions data	Environmental Protection, Summary of Statistics	
	A1.2	Deleted on 1 January 2025	N/A	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection	The operation process does not produce a significant amount of hazardous waste.
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Summary of Statistics	
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Protection, Environmental, Social and Governance Structure	
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Protection, Environmental, Social and Governance Structure	
A2：Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection	
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Summary of Statistics	
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection, Summary of Statistics	
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Protection, Environmental, Social and Governance Structure	
	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.	Environmental Protection, Environmental, Social and Governance Structure	We have no issue in sourcing water that is fit for purpose in our operation.
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection, Summary of Statistics	

Aspects	No.	Reporting guidelines	Reporting sections	Remarks
A3： The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Environmental Protection	
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	
Social				
B1： Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Care for Employees	
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Care for Employees, Summary of Statistics	
	B1.2	Employee turnover rate by gender, age group and geographical region.	Care for Employees, Summary of Statistics	
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.	Care for Employees	
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Care for Employees	
	B2.2	Lost days due to work injury.	Care for Employees	
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Care for Employees	
B3： Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Care for Employees	
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Summary of Statistics	
	B3.2	The average training hours completed per employee by gender and employee category.	Care for Employees, Summary of Statistics	

Aspects	No.	Reporting guidelines	Reporting sections	Remarks
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.	Care for Employees	
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Care for Employees	
	B4.2	Description of steps taken to eliminate such practices when discovered.	Care for Employees	No violation was found during the Reporting Period.
B5： Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Industry Optimization	
	B5.1	Number of suppliers by geographical region.	Industry Optimization	
	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.	Industry Optimization	
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Industry Optimization	
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Industry Optimization	

Aspects	No.	Reporting guidelines	Reporting sections	Remarks
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, labelling and privacy matters relating to products and services provided and methods of redress.	Industry Optimization	
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Industry Optimization	During the Reporting Period, there were no incidents requiring voluntary recall of products.
	B6.2	Number of products and service related complaints received and how they are dealt with.	Industry Optimization	
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Industry Optimization	
	B6.4	Description of quality assurance process and recall procedures.	Industry Optimization	
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Industry Optimization	
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.	Industry Optimization	
	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.	Industry Optimization	
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Industry Optimization	
	B7.3	Description of anti-corruption training provided to directors and staff.	Industry Optimization	

Aspects	No.	Reporting guidelines	Reporting sections	Remarks
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	
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	
	B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment	

Part D: Climate-related Disclosures

Paragraphs	Reporting guidelines	Reporting sections	Remarks
(I) Governance			
19	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about: (i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities; (ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities; (iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; (iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	Environmental, Social and Governance Structure	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
(II) Strategy			
Climate-related risks and opportunities			
20	(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	Environmental Protection	
Business model and value chain			
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
Strategy and decision-making			
22	(a) An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	Environmental Protection	
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	Environmental Protection	
Financial position, financial performance and cash flows			
24	(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Environmental Protection	Disclosure exemption has been applied for in the report
25	(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
Climate resilience			
26	(a) an issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: The issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term; (b) how and when the climate-related scenario analysis was carried out, including: (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out.	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
(III) Risk Management			
27	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria); (iv) whether and how the issuer prioritises climate-related risks relative to other types of risks; (v) how the issuer monitors climate-related risks; and (vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period; (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
(IV) Metrics and Targets			
Greenhouse gas emissions			
28	(a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions.	Environmental Protection	
29	(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
Climate-related transition risks			
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Environmental Protection	Disclosure exemption has been applied for in the report
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Environmental Protection	Disclosure exemption has been applied for in the report
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	Environmental Protection	Disclosure exemption has been applied for in the report
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	Environmental Protection	Disclosure exemption has been applied for in the report
34	An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	Environmental Protection	The Group has not yet introduced carbon pricing
Remuneration			
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Environmental, Social and Governance Structure	The Group has yet to incorporate climate-related factors into its remuneration policy
Industry-based metrics			
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
Climate-related targets			
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	Environmental Protection	
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions.	Environmental Protection	
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	Environmental Protection	

Paragraphs	Reporting guidelines	Reporting sections	Remarks
40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	Environmental Protection	The Group has yet to introduce carbon credits to offset greenhouse gas emissions during the Year.
Applicability of cross-industry metrics and industry-based metrics			
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Environmental Protection	