coolpad 酷派

COOLPAD GROUP LIMITED
酷派集團有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2369)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Approach

Coolpad Group Limited ("Coolpad" or the "Company") and its subsidiaries (collectively, the "Group") are committed to being a leading smartphone developer and manufacturer in the People's Republic of China ("PRC"), while integrating sustainability into our business strategy. Various factors, including business-related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve sustainability.

The Group recognizes its responsibility to be accountable to all its stakeholders, including HKEx, the Government, its customers, potential investors and shareholders, employees, suppliers, the local community, its partners such as authorized sellers and distributors, as well as the media and the public. Understanding the needs and expectations of the stakeholders is the key to the Group's success. As each stakeholder requires a different engagement approach, the Group has established a tailor-made communication method in order to better meet each stakeholder's expectations.

The Group places a huge emphasis on monitoring the risks and exploring potential opportunities. For the sake of striking a balance among business needs, social demands and environmental impacts, the Group is committed to continuously monitoring the risks and opportunities that exist in our daily operations and embracing a transparent corporate culture to ensure that the Group's sustainability strategies are well communicated to our employees, customers, suppliers, the communities and other stakeholders.

To implement sustainability strategies applicable to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability

2. To respect human rights and social culture

3. To engage with stakeholders

4. To support our employees

5. To sustain local communities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About this Report

The Group is pleased to present its Environmental, Social and Governance ("ESG") Report. The content contained herein focuses on providing an overview of the environmental, social and governance performance of the Group's major operations in the PRC for the year ended 31 December 2025 (the "Reporting Year"). It helps the Group to keep a close eye on our current performance as well as the opportunities to improve our performance. The Reporting Year coincides with the Group's financial year.

Scope of the Report

This report has been prepared in accordance with the "Environmental, Social and Governance Reporting Code" in Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including materiality, quantification, and consistency. The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of the Group in the PRC, Canada, and the United States of America (the "US") from 1 January 2025 to 31 December 2025.

Materiality

For the Reporting Year, the material ESG issues are those which have or may have a significant impact on:

- The PRC's telecommunication products industry;
- The global telecommunication products market;
- The current or future environment or society in which the Group operate;
- Our financial performance or operations; and/or
- Our stakeholders' assessments, decisions and actions.

Quantification

The key performance indicators ("KPIs") disclosed in this report are supported by quantitative data and measurable standards. The sources of all applicable data, calculation tools, methodologies, references and conversion factors applied are disclosed when presenting emissions data.

The data and information used in this report are referenced from the Group's archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group's audited annual financial statements for the year ended 31 December 2025.

Consistency

To facilitate the comparison of ESG performance of each year, the Group uses the same reporting and calculation methods when reasonably possible and records any significant changes in relevant sections in detail. In this report, the intensity is calculated based on the number of employees of the Group (per capita).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

About Coolpad

Business

Coolpad is listed on the Main Board of the Stock Exchange with stock code 2369. The principal operating activity of the Group is the production and sale of mobile phones and devices, and the provision of wireless application services, leases of properties and the cryptocurrencies business.

Vision and Mission

The Group aspires to contribute to advancing technological innovations, as well as to strive along those with endeavours. The Group will continue to strive for product innovations and cater to customers' best interests for identifying the most pressing needs of the collective, thus truly creating long-term value for our stakeholders.

Board of Directors (the "Board")

As at the date of this report, the Board consists of:

Executive Directors	**Non-Executive Directors**	**Independent Non-Executive Directors**
Mr. Chen Jiajun *(Chairman and Chief Executive Officer)*	Mr. Liang Rui	Mr. Guo Jinghui
Mr. Ma Fei	Mr. Ng Wai Hung (resigned on 7 June 2025)	Ms. Wang Guan
Ms. Liu Juan (resigned on 29 August 2025)	Mr. Xu Yibo	Mr. Cheuk Ho Kan

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders

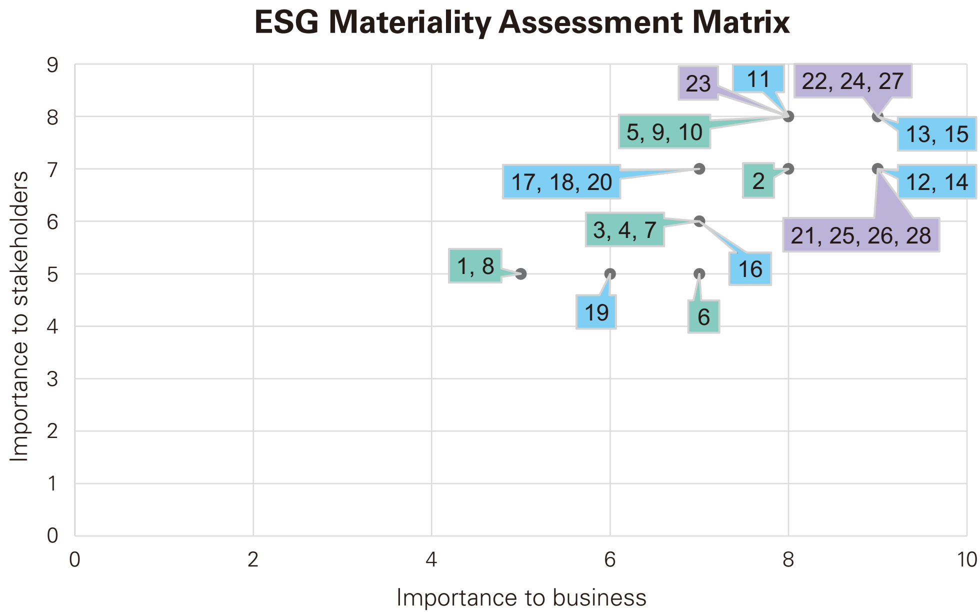
Coolpad actively strives to better understand and engage its stakeholders to ensure continuous improvements. The Group strongly believes that the stakeholders play a crucial role in sustaining the success of the Group's business in the challenging market.

Stakeholders	Probable issues of concern	Communication and responses
HKEx	Compliance with listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements.
Government	Compliance with laws and regulations, prevention of tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information.
Suppliers	Payment schedule, stable demand.	Site visits.
Shareholders/Investors	Corporate governance system, business strategies and performance, and investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, issue of financial reports and/or operation reports for investors, media and analysts.
Media & Public	Corporate governance, environmental protection, and human right.	Issue of newsletters on the Company's website.
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, and after-sales services.
Employees	Rights and benefits, employee compensation, training and development, work hours, and working environment.	Union activities, trainings, interviews for employees, employee handbooks, internal memos, employee suggestion boxes.
Community	Community environment, employment and community development, and social welfare.	Community activities, employee voluntary activities, community welfare subsidies and charitable donations.
Partners/Authorized Sellers & Distributors	Mutual benefits, and fair cooperation.	Regular meetings, and site visits.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

For the Reporting Year, the Group had undertaken its materiality assessment exercise. This involved conducting surveys with internal and external stakeholders including the management, employees, and suppliers to identify the most significant operating, environmental and social impacts on the Group's business. With reference to the reporting scope and the consideration towards the corporate business characteristics, the Group has identified related material topics and is detailed in the following diagram:



No.	ESG Topics	No.	ESG Topics	No.	ESG Topics
Environmental Issues		**Social Issues**		**Operational Issues**	
1	Greenhouse gas emission/ global warming	11	Responding to major public health incident	21	Supply chain management
2	Exhaust air emission	12	Employee rights and welfare	22	Customers' satisfaction
3	Energy consumption	13	Inclusion, equal opportunities and anti-discrimination	23	Customers' privacy
4	Water consumption	14	Talent attraction and retention	24	Product quality and safety
5	Hazardous waste/sewage	15	Occupational health and safety	25	Economic performance
6	Non-hazardous waste/sewage	16	Training and development	26	Operational compliance
7	Paper consumption	17	Preventive measures for child and forced labour	27	Corporate governance
8	Forest damage caused by improper logging	18	Environmental protection	28	Anti-corruption
9	Use of raw materials and packaging materials	19	Community investment and engagement		
10	Compliance with laws and regulations relating to environmental protection	20	Labour standards in supply chain		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the annual materiality assessment, the Group's material ESG topics during the Reporting Year covered environmental, social and operational dimensions, with priority placed on customer satisfaction, product quality and safety, corporate governance, inclusion and equal opportunities, anti-discrimination, and occupational health and safety.

Headquartered in the People's Republic of China as a developer and manufacturer of smartphones, the Group attaches great importance to customer satisfaction and continuously optimises service quality and response efficiency. The Group ensures that customer feedback is systematically integrated into daily operations, so as to consolidate long-term customer trust and loyalty.

The Group also upholds stringent standards in product quality and safety. By adopting comprehensive testing procedures and aligned compliance controls, the Group ensures that its products fully meet or exceed applicable regulatory and industry benchmarks.

Furthermore, the Group emphasises robust corporate governance underpinned by transparency, ethical decision-making and stakeholder accountability, forming a solid foundation for sustainable business development.

In respect of human capital management, the Group prioritises occupational health and safety. It iteratively enhances safety management frameworks and protective arrangements, mitigates operational hazards in a targeted manner, and safeguards employees' personal safety as well as physical and mental wellbeing. At the same time, the Group promotes inclusive and diversified workplace practices, adheres to equal employment and fair development principles, prohibits discriminatory behaviour in all forms, and delivers balanced opportunities together with a respectful and embracing working atmosphere across all levels.

Moving forward, the Group will maintain communication with various stakeholders and collect respective opinions through different channels more extensively for making substantive analysis. At the same time, the Group will also revise the reporting principles of materiality, quantification, and consistency in order to better align with the expectations of stakeholders and reporting requirements regarding the content of the ESG Report and the presentation of the information when necessary.

Board Statement

The Group understands the importance of efficient ESG governance to corporate sustainability. Therefore, the Group has developed an ESG management framework to ensure the effective implementation of relevant ESG policies in its operations. The Board is primarily responsible for supervising ESG governance matters of the Group. For instance, determining the Group's ESG approach, managing ESG-related risks, as well as supervising the management and relevant departments in stipulating relevant policies with appropriate measures. The board also requires the management of the group to report ESG-related matters and provide follow-up developments in a timely manner, such as when ESG performance indicators deviate significantly from pre-set targets, serious ESG incidents, and changes in regulatory requirements.

The Board of Directors currently consists of 6 male members and 1 female member, including 2 executive directors, 2 non-executive directors and 3 independent non-executive directors. The Company have actively advanced the board diversity strategy by selecting new directors and continuing the appointment of existing directors for the board. Several factors are considered when deciding the appointment of directors, including but not limited to professional experience, skills, educational background, age, gender, race, and culture. The execution of the existing board diversity strategies will be periodically reviewed to ensure the effectiveness of the existing strategies and effective corporate governance of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Board is responsible for:

- appointing key personnel in charge of the Group's ESG matters;
- approving ESG strategies, action plans and targets;
- approving the resources required to implement ESG-related measures;
- monitoring the progress and performance of ESG initiatives; and
- reviewing and approving the annual ESG reports.

Management is responsible for:

- identifying and assessing ESG-related risks and opportunities and report to the Board;
- developing ESG strategies, action plans, targets and arranging works accordingly;
- ensuring appropriate and effective ESG risk management and internal control systems are in place;
- reporting to the Board on the progress and performance of ESG work; and
- reviewing and submitting annual ESG report to the Board for approval.

Functional departments are responsible for:

- coordinate and implement specific ESG policies and measures;
- report to the management on ESG work regularly;
- collecting information and data in relation to ESG performance of the Group; and
- preparing annual ESG reports and reporting to the management.

The Board will continue to observe the ESG-related work and keep up with the latest ESG disclosure requirements of the Hong Kong Stock Exchange. The Board will also ensure close collaboration between all departments to achieve the goal of operational compliance, shoulder social responsibility and develop clearer ESG objectives and targets for the Group in the future in order to strive for better performances and better align with stakeholders' expectations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Section A: Environmental

The Group understands the importance of environmental protection in respect of which it promises not to sacrifice the environment in exchange for its business performance. In this regard, the Group strongly believes that a healthy environment is the basis of the Group's sustainable development. Thus, the Group is committed to operating in an accountable and sustainable way by integrating environmental protection and social responsibility considerations in our day-to-day operations through various measures to decrease the related carbon emission level and the relevant intensity[1].

For the Reporting Year, there was no material non-compliance issue with relevant laws and regulations related to the environment. The Group will continue to stay vigilant against any non-compliance behavior relating to critical environmental problems.

During the Reporting Year, the Group strategically adjusted its cryptocurrencies business model to commence its full transition to compliant computing power leasing services since February 2025 and ceased its direct involvement in cryptocurrency mining. Accordingly, the Group's environmental impact disclosure in respect of the cryptocurrency mining business in Canada and US for the Reporting Year covers the operating period from January to February 2025.

A.1 Emissions

Air Pollution Emission

There were no significant gaseous fuel consumptions in the production process of smart products. During the Reporting Year, as there are no vehicles used by the cryptocurrencies business, and the material air pollutants emitted from the petrol consumption of automobile usage were mainly attributed to transferring employees between the head office in Shenzhen and the workshops in Dongguan, as well as necessary travelling that supports the Group to promote the composite channel model to potential partners in the PRC. A total of 10 (2024:10) passenger vehicles were used during the Reporting Year, with 1 large passenger van and 9 small passenger cars. The air pollutants emission of the Group is mainly composed of nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), and particulate matter ("PM").

During the Reporting Year, the total petrol consumption was approximately 11,886 Liters ("L") (2024: 15,258 L). The decrease in total petrol consumption was mainly due to the reduction in vehicle usage. The total air pollutants produced was approximately 9.5 kg[2] (2024: 11.5 kg), with an intensity of approximately 0.12 kg per employee (2024: 0.05 kg per employee). Nonetheless, all vehicles were under frequent checks and maintenance to ensure energy efficiency. In addition, our drivers also plan the route ahead with the shortest distance and traveling time to reduce unnecessary fuel consumption.

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1 The different intensity figures in this report are calculated per employee, which were 81 employees as of 31 December 2025 (2024: 218).

2 The travelling distance is estimated based on the units of fuel consumed by vehicles using the "Transport – Energy Utilization Index" issued by Electrical and Mechanical Services Department at https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air Pollutants	Emissions in 2025 (kg)	Emissions in 2024 (kg)	Variance
NO_x	**8.7**	10.6	↓17.9%
SO_x	**0.2**	0.2	–
PM	**0.6**	0.7	↓14.3%
Total	**9.5**	11.5	↓17.4%

Given the emission is highly subject to the business operation of the Group, fluctuations in emission may result in response to the changes in the Group's business growth and performance. Nonetheless, the Group aims to keep the air emission growth to a level below its business growth, while also further the advocacy of the Group in promoting green commutes in the future.

Greenhouse Gases Emissions

During the Reporting Year, the total greenhouse gas ("GHG") emission by the Group weighted approximately 10,344 tonnes (2024: 23,220.6 tonnes). The key culprit of the GHG emission by the Group was purchased electricity consumption, which represented over 99.3% of its total GHG emission. On the other hand, the usage of automobiles also contributed to the Group's direct GHG emissions, which comprised approximately 0.3% of the total GHG emission. Besides, there were also indirect emission sources noted as the electricity used in fresh water and sewage processing, paper waste disposal at landfills and business air travel by employees, representing the remaining GHG emission. In respect of our 81 employees (2024: 218 employees), the total GHG emission intensity was approximately 127.7 tonnes per employee (2024: 106.5 tonnes per employee), with an increase of 19.9% which was mainly due to the fact that the Group experienced a significant reduction in the number of employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The details of the GHG emission are detailed as follows:

GHG Emission Sources	**2025 GHG emission (tonnes)**	2024 GHG emission (tonnes)	**Variance**
Scope 1 – Direct emissions			
– Automobile	**32.0**	40.9	↓21.8%
• The PRC	**32.0**	40.9	↓21.8%
• Canada	**–**	–	–
• The US	**–**	–	–
Scope 2 – Indirect emissions from electricity consumption			
– Purchased electricity	**10,274.1**	23,073.4	↓55.5%
• The PRC[3]	**1,132.6**	2,227.6	↓49.2%
• Canada[4]	**15.6**	133.1	↓88.3%
• The US[5]	**9,125.9**	20,712.7	↓55.9%
Scope 3 – Other indirect emission sources			
– Paper waste disposal in landfills	**2.4**	4.2	↓42.9%
• The PRC	**2.4**	4.2	↓42.9%
• Canada	**–**	–	–
• The US	**–**	–	–
– Electricity used for processing fresh water[6]	**11.1**	15.6	↓28.8%
• The PRC	**11.1**	15.6	↓28.8%
• Canada	**–**	–	–
• The US	**–**	–	–
– Electricity used for processing sewage[8]	**5.5**	7.8	↓29.5%
• The PRC	**5.5**	7.8	↓29.5%
• Canada	**–**	–	–
• The US	**–**	–	–
– Business air travel by employees	**18.9**	78.7	↓76.0%
• The PRC	**18.9**	78.7	↓76.0%
• Canada	**–**	–	–
• The US	**–**	–	–
Grand total	**10,344.0**	23,220.6	↓55.5%

3 For the power supply discharge coefficient used for the PRC in 2024, it was according to the《關於做好2023–2025年發電行業企業溫室氣體排放報告管理有關工作的通知》published by the Ministry of Ecology and Environment, PRC on 7 February 2023, which was set at 0.5703 t/kWh in 2024. For the power supply discharge coefficient used for the PRC in 2025, it was according to the《關於發佈2023年電力二氧化碳排放因子的公告》published by the Ministry of Ecology and Environment, PRC on 31 December 2025, which was set at 0.5306 t/kWh.

4 According to the available data from the Government of Canada, the power supply discharge coefficient for the Manitoba of Canada was set at 2.0 g/kWh in 2024 and 1.4 g/kWh in 2025.

5 According to the available data from the United States Environmental Protection Agency, the power supply discharge coefficient for Missouri and Texas were set at 801.0 lb/kWh and 771.1 lb/kWh respectively in 2024, and at 1,248.582 lb/kWh and 736.629 lb/kWh respectively in 2025.

6 The per unit electricity consumption for processing fresh water and sewage in the PRC was assumed to be at 0.629 kWh/m^3 and 311.04 MWh/million m^3, which were as same as the case in Hong Kong according to the 2024/2025 Annual Report of Water Supplies Department and the 2023/24 Sustainability Report of Drainage Services Department, HKSAR.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Since electricity consumption was the major source of the Group's carbon emission, the Group will strengthen both the enforcement and monitoring of energy-saving measures by encouraging its staff to turn off idle appliances, use more energy-efficient appliances as well as promote the use of natural lighting in the office and workshop in order to better control the emission from electricity consumption.

Given that greenhouse gas emissions are highly subject to the business operation of the Group, fluctuations in emission may result in response to the changes in the Group's business growth and performance. Nevertheless, the Group aims to limit the emission growth to a level below its business growth to strive to minimize the accompanied environmental footprints in the future.

Waste Management

Hazardous Waste

As the cryptocurrencies business is not involved in production, the hazardous waste produced by the Group was mainly attributed to the operations of its production plants in the PRC. Since all the produced hazardous wastes are collected by the external contracted parties on an annual basis at once, and the corresponding waste report is subjected to the approval of related government authorities, the data availability is subjected to the feedback from the authorities, and a time lag is inevitable.

During the Reporting Year, the reported amount of produced hazardous wastes, classified as categories 900-409-06, 900-249-08, 900-023-29, 900-039-49, and 900-041-49 under the National Hazardous Waste List ("國家危險廢物名錄"), weighted approximately to approximately 0.5 tonnes[7] (2024: 0.6 tonnes) with a decrease of approximately to 16.7%. All the produced hazardous wastes were handled properly by the external qualified recycler. Hence, no significant amount of hazardous waste was disposed of and emitted for the Reporting Year.

As the produced hazardous waste is highly subjected to the business operation and production activities of the Group, fluctuations in the production of hazardous waste may result in response to the changes in the Group's operation and business performance. However, the Group aims to limit the growth rate of hazardous waste production lower than its business growth by improving production efficiency in the coming years.

Non-Hazardous Waste

The non-hazardous waste produced by the Group was mainly the remaining scrap of materials after metal processing, electrical components, and paper waste. As the cryptocurrencies business is not required to use paper, therefore, the non-hazardous waste produced by the Group was mainly attributed to the operations of its production plants and head office in the PRC. The Group has contracted with external scrap recycling service providers, in which the remaining materials and components were re-sold to third parties as raw materials for further production or recycling contractors in most circumstances. Hence, there was only paper waste to be disposed of to the landfills. During the Reporting Year, there was no re-sold of materials and components (2024: Nil) due to the management's decision to outsource most of its production process, with minimal processing service provided. The total paper waste disposed of by the Group weighted to approximately 0.5 tonnes (2024: 0.9 tonnes) with a decrease of approximately 44.4%, this decrease primarily stemmed from the significant reduction in the Group's workforce.

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7 As at the date of this report, the actual data for the Reporting Year is awaiting approval from related government authorities, hence the data collected reflects the number of hazardous wastes produced in year 2024.

8 The data reflects the number of hazardous wastes produced in the year 2023.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As the produced non-hazardous waste is highly subjected to the business operation and production activities of the Group, fluctuations in the production of non-hazardous waste may result in response to the changes in the Group's operation and business performance. Nevertheless, the Group is eager to have the growth rate of non-hazardous waste production lower than its business growth by improving production efficiency and optimizing packaging designs in the future.

Waste Management Policy

The Group has established a mature policy and procedure regarding waste management, including sewage, gaseous waste, noise, solid waste, and chemicals. The policy clearly stated the proper handling procedures and the means to reduce every kind of captioned waste. In addition, the Group strived to streamline and plan of the Group's production process, improve the conversion rate of materials, reduce or replace the use of hazardous or harmful substances, and maximize the integrated use of wastes generated during production for restricting the production of waste as far as possible.

Although the production of hazardous waste is inevitable given the business nature of the Group in the production of mobile phones, the hazardous waste was under good control by the Group's well-developed waste management system. All kinds of hazardous wastes generated by the Group's production plant were classified and recycled according to the urban waste classification program, and industrial hazardous waste handling contracts were signed with qualified environmental hygiene management centers and hazardous waste trading centers.

As for paper waste, the Group strives to advocate a paperless working environment to lower the need for paper usage. The Group encourages all employees to use electronic documents, as well as the Enterprise Resource Planning system (the "ERP System") and the Office Automation system (the "OA System") instead of printing documents. For instance, the integrated management of the ERP System allows better internal controls and insights into the Group's business processes, while the automation of the OA System enhances productivity by allowing the efficient use of resources or materials. In addition, The Group spurs all employees to use double-side printing and reuse single-side-printed paper as draft paper to maximize resource utilization efficiency. As such, the Group is confident to reduce its paper consumption in the coming years with these measures enforced.

With the above-mentioned measures enforced along with the corresponding targets set within the Group's operation, the Group is confident that its waste management measures are effective in lowering its respective waste production in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A.2 Use of Resources

Considering that resource consumption bears environmental impacts, making full use of resources is encouraged to maximize their intended efficiency and to avoid wastage. As such, the Group initiates to become an environmentally friendly and sustainable enterprise. To reduce carbon emissions and footprint, the Group has undertaken carbon reduction measures in the daily operations, as well as stipulated a series of environmental targets for striving to lower resource consumption in relation to the Group's operations.

Electricity Consumption

During the Reporting Year, the total electricity consumption was approximately 33,755.4 MWh (2024: 127,909.9 MWh), with an intensity of approximately 416.7 MWh per employee (2024: 586.7 MWh per employee). There was a significant decrease of 73.6% in electricity consumption due to the Group strategically adjusted its Cryptocurrencies business model to commence its full transition to compliant computing power leasing services since February 2025 and ceased its direct involvement in cryptocurrency mining.

The details of the electricity consumption are detailed as follows:

Electricity Consumption	**2025 (MWh)**	2024 (MWh)	**Variance**
By region			
– Shenzhen Head Office	**589.6**	842.4	↓30.0%
– Dongguan Workshop	**1,545.0**	3,063.6	↓49.6%
– Canada	**11,116.1**	66,557.6	↓83.3%
– The US	**20,504.7**	57,446.3	↓64.3%
Grand total	**33,755.4**	127,909.9	↓73.6%

Nonetheless, the Group has emphasized the essentialness of energy conservation within its operations and adheres to the basic principles of giving priority to resource-saving and efficiency-based practices. An energy-saving management system has been established in order to boost energy conservation and emission reduction within different departments and their corresponding working units, where a designated person is responsible for setting up, reviewing, and reinforcing the affiliated unit's respective conservation measures. Regular record keeping of energy consumption is expected along with check-ups from time to time. The energy consumption index of each operating unit is also regarded as one of the assessment contents of the business performance of the responsible person for raising the overall awareness and effectiveness of energy conservation within the Group in addition to the established incentive awards.

Besides, the Group spurs every employee to switch off all idle appliances and ensure that all electronic equipment is switched off after working hours. In the office and workshops, the Group has encouraged its staff to develop an energy-saving habit by maximizing the potential of natural light whenever possible, instead of solely relying on electric lighting. The air-conditioning system is also set to be above 26°C in summer to avoid overworking the air conditioner and restrict the respective power consumption. With the efforts of the designated persons made towards monitoring energy consumption-related issues along with the in-time statistical analysis among different business units, a better monitoring process and performance tracks serve as a basis for sustainable development.

Given the better monitoring process and performance tracking, as well as the efforts of the designated persons and the in-time statistical analysis among different business units, the Group is confident to lower its energy consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Given that electricity consumption is highly subject to the business operation and production activities of the Group, fluctuations in electricity usage may result in view to changes in the Group's business activities and production performance. Nonetheless, the Group aims to limit the growth of its electricity consumption to a level below the corresponding business growth for striving to minimize the accompanied environmental footprints in the future.

In the foreseeable future, the Group promises to put more effort into the topic of energy conservation to further reduce the carbon footprint.

Water Consumption

Like energy consumption, the Group facilitates the reduction of unnecessary water consumption given the scarcity of fresh water. Since water is considered one of the most precious natural resources, it is highly valued by the Group.

As the water supply of Shenzhen head office was changed to be managed by the building management of the office premise in 2022, and the cryptocurrencies business is not involved in water consumption, the water consumption of the Group during the Reporting Year was mainly attributed to the operations of its production plants in Dongguan.

During the Reporting Year, water consumption for business operations reached approximately 25,128.2 m^3 (2024: 35,654 m^3), representing a decrease of 29.5% compared with previous reporting year's consumption, this was primarily attributable to the closure of the manufacturing facility in Dongguan in June 2025. The intensity per employee was approximately 310.2 m^3 water consumption (2024: 163.6 m^3 water per employee), which increase for approximately 89.7%. As the water was supplied by the governmental body, there was no water supply issue identified for the Reporting Year.

Nevertheless, the Group stressed the necessity of conserving water and adopting related practices in its daily operations. For example, staff are encouraged to limit the flow of water from the faucets and avoid leaving the tap running when using tap water. Besides, the Group also advises its staff to avoid wasting drinking water. Given the decreased water consumption during the Reporting Year, the Group considers the measures in conserving water resources as successful and will continue to maintain the goal in the coming future.

Water saving sign placed in our office

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Given that water consumption is highly subjected to the business operation and production activities of the Group, fluctuations in water usage may result in relation to the changes in the Group's business growth and production performance. However, the Group aims to limit the growth of its water consumption to a level below the corresponding business growth for striving to minimize the accompanied environmental footprints in the future.

Going on, the Group is committed to further developing awareness of environmental protection among our staff to maximize the water efficiency within the Group and strive to further scale down the corresponding water consumption.

Packaging Materials

As the business in Shenzhen Head office is not involved in production, the packaging materials were mainly packaging paper boxes used in the Group's production plants in Dongguan. The packing materials used during the Reporting Year weighted approximately 0.1 tonnes (2024: 3.5 tonnes). This decrease primarily due to the fact that all production business in Dongguan has been outsourced since June 2025.

A.3 The Environmental and Natural Resources

Alongside the aforementioned aspects, the Group has also developed a wide range of written policies for its employees to comply with for the sake of minimizing the negative impact on the environment. The Group drives its employees to follow the policies through weekly checks on the effectiveness of the implementation among different departments. To further incentivize the practice of environmental measures, the Group has also established an incentive bonus. With a satisfying result for at least three consecutive weeks, an incentive bonus will be rewarded to the corresponding departments. Alternatively, violations of the relevant policies would lead to a deduction in performance points. In this regard, not only can it reduce the carbon footprints produced within the Group's operation by provoking employees' environmental awareness, but it also helps establish a sense of responsibility regarding environmental sustainability as a whole.

In addition to the internal management, the Group also emphasizes cooperation with its suppliers on environmental protection. Suppliers are required to sign a commitment to not use any materials harmful to the environment and promise to comply with the relevant global regulations, including "the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment" ("RoHS") and "Registration, Evaluation, Authorization and Restriction of Chemicals" ("REACH").

Moreover, in terms of further reducing the consumption of electricity, the Group has equipped with some appliances that are energy-saving and operate with renewable energy. For example, LED light bulbs and solar energy heaters are installed in the head office. Electricity generators using solar energy are also equipped in the workshops. By these means, they benefit in raising energy efficiency while lowering the Group's electricity consumption along with its accompanied carbon footprints.

With the efforts made towards environmental protection, the Group is pleased to report that there was no material non-compliance issue regarding relevant laws and regulations for the Reporting Year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related Disclosures

Fossil fuel consumption and human activities are largely responsible for climate change due to increased emissions of heat-trapping gases like carbon dioxide into the atmosphere. Given the high concentration of greenhouse gases in the atmosphere, there is an urgent need to transition into a more sustainable and low-carbon economy to curb global warming and its accompanying detrimental effects.

The Group recognizes the urge to join the endeavour in mitigating the influence of global warming. With the uncertainties brought by climate change, the Group faces potential physical risks and transition risks. Therefore, integrating climate considerations into the Group's decision-making process is crucial to capital allocation and supply-chain management for developing an effective action plan to adapt its operation to climate change.

Governance

The Board holds primary responsibility for overseeing climate-related matters, including setting our climate strategy and policies and overseeing the progress toward climate goals. By implementing a top-down approach, the Group ensures strong interdepartmental collaboration, giving decision-makers clear visibility into daily operations and supporting the development of effective climate-related strategies and plans. The responsibilities are set out as below:

The Board is responsible for:

- Reviewing and approving climate strategies and policies;
- Overseeing achievement and advancement of climate-related performance targets; and
- Overseeing climate-related risks and opportunities.

Management is responsible for:

- Formulating climate-related strategy and approach in response to climate-related risks and opportunities identified;
- Communicating with the Board on emerging climate-related matters impacting the company; and
- Approving and regularly reviewing the progress of the climate-related performance targets.

ESG Working Group is responsible for:

- Coordinating and implementing climate-related measures;
- Identifying, assessing and reporting climate-related risks and opportunities to the management;
- Developing climate-related performance targets; and
- Reporting to the management on the progress of climate-related performance targets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure effective execution of climate strategies and achievement of climate targets, our Board oversees climate-related risks and opportunities during the board meetings on an annual basis.

To ensure our Board possesses the necessary skills and competencies to oversee strategies addressing climate-related risks and opportunities, we will provide them with annual training on climate-related topics.

Strategy

Climate-related risks and their potential effects on business models and value chain

The Group is exposed to physical climate risks driven by global climate change, including more frequent and severe extreme weather events. In particular, extreme rainfall and cyclones represent the key threats facing the Group and its employees. Such incidents may jeopardise on-site employee safety and disrupt the Group's supply chain and normal operations, as severe weather may obstruct logistics arrangements and suspend production processes. To mitigate relevant impacts, the Group implements flexible arrangements such as remote working during adverse weather to protect employee safety and stabilise operations.

In terms of transition climate risks, evolving climate-related regulations are expected to increase the Group's operating costs. Aligned with Mainland China's 2060 carbon neutrality target, further carbon policies, including carbon taxes, emission trading schemes and enhanced compliance requirements, are expected to be rolled out across industries. Under prevailing carbon pricing mechanisms, key upstream suppliers, such as semiconductor and electronic component manufacturers, may pass incremental carbon costs downstream, which could increase the Group's comprehensive expenses and adversely affect its operating performance.

In addition, rising resource taxes and mounting raw material extraction difficulties may push up the cost of core raw materials, which are essential to smartphone manufacturing. The production of semiconductors is highly intensive in energy and water consumption and involves the use of hazardous substances. Additional environmental compliance costs incurred in related manufacturing procedures will drive up upstream production costs, which are likely to be transferred to the Group.

To address the above transition risks, the Group prioritises the recycling and reuse of electronic components to reduce resource consumption. The Group maintains regular communication with suppliers and outsourced manufacturers on environmental governance matters and conducts periodic reviews of their environmental performance to ensure they adopt optimal operational practices. Furthermore, the Group optimises its production planning and strengthens strategic collaboration with suppliers, fostering inclusive and stable supply chain partnerships to cope with evolving climate challenges.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate-related opportunities, strategy and decision-making

The transition towards a low-carbon economy also brings substantial climate-related opportunities to the Group's smartphone manufacturing and sales business.

First, rising market demand for green and energy-efficient electronic products creates incremental business potential. By adopting recycled materials, optimising power consumption in devices, and introducing lightweight and plastic-free packaging, the Group can enhance brand image, attract environmentally focused customers, and strengthen market competitiveness.

Second, the development of a circular supply chain helps stabilise and reduce production costs. Increasing the reuse and recycling of electronic components lowers reliance on scarce raw materials, mitigates resource price volatility, and improves overall cost resilience in manufacturing.

Third, aligned with Mainland China's dual-carbon policies, growing support for green manufacturing, clean energy application and eco-friendly R&D creates favourable policy opportunities for the Group. Eligible green projects may enjoy preferential policies, subsidies and simplified compliance arrangements, which help reduce long-term operational and environmental costs.

Fourth, strengthened flexible and remote working models, which have already been adopted against extreme weather risks, enable smoother production scheduling, improve operational agility, stabilise workforce management, and ensure continuous manufacturing output under adverse climatic conditions.

Financial position, financial performance and cash flows

Given the inherent uncertainties involved in measuring both the current and projected financial impacts of climate related risks and opportunities, the Group considers that quantitative financial disclosure is not yet appropriate at this stage. The Group will continue to refine its climate assessment and modelling methodologies and intends to disclose relevant quantified financial information in due course, once the underlying estimates become sufficiently reliable, robust and decision useful for stakeholders.

Climate resilience

After careful assessment and consideration, we concluded that the incremental cost and additional resources required to conduct scenario analysis for assessing the resilience of our strategy and business model to climate-related changes and uncertainties currently outweigh the benefits of such disclosure. Therefore, we have decided not to undertake scenario analysis at this stage. We will continue to monitor regulatory expectations and enhance our internal capabilities to determine the appropriate timing for future adoption of scenario analysis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Management

Our risk management process generally covers the following elements: risk identification, risk assessment, risk prioritisation and risk management, which are key aspects to inform risk integration. Climate-related opportunities are as equally important, and the execution of risk management processes may facilitate the identification of opportunities.

Climate-related risks, which includes both physical risks transition risks, are embedded within our comprehensive risk management framework, ensuring they are addressed alongside other key corporate risks. This integrated approach provides clear governance and structured processes for identifying, assessing, mitigating, and monitoring climate-related risks across our operations.

To maintain transparency and accountability, risk assessments are conducted and findings are reported to senior management on an annual basis. This enables informed decision-making and ensures that climate considerations are factored into strategic planning, capital allocation, and operational resilience initiatives.

Through this year's climate-related scenario analysis, we identified three material physical risks and three material transition risks that are relevant to our business. For further details, please refer to the "*Climate-related risks and their potential effects on business models and value chain*" section.

Metrics and Targets

To provide a comprehensive view of the Group's ESG performance, we adopt the operational control approach in measuring GHG emissions. Under this approach, we account for 100% of emissions from operations where we have major or full authority to introduce and implement operating policies.

We quantify our GHG emissions in accordance with the guidelines set out in "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange on 31 December 2025. Our GHG emissions include CO_2, CH_4 and N_2O and are converted to reflect the CO_2 equivalent. Please refer to "*A.1 Emissions – Greenhouse Gases Emissions*" section for the details of our absolute gross greenhouse gas emissions.

Cross-industry metrics

Considering the significant uncertainty involved in estimating the amount and percentage of business activities and assets vulnerable to climate-related risk and opportunities, we deem it premature to disclose quantitative financial disclosures at this stage. We will keep enhancing our analytical approaches and aim to disclose the data when the estimates can support reliable and informed decision-making.

Internal carbon prices

Following a thorough assessment, we determined that developing an internal carbon price is not the most effective use of resources at this time. We will therefore prioritise other climate-related actions that can generate greater impact, while remaining open to adopting internal carbon pricing as our capabilities and business needs evolve.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Remuneration

Following our assessment, we have decided not to integrate climate-related considerations into the current remuneration policy. We will continue to monitor regulatory expectations and market practices in this area.

Climate-related targets

Please refer to "*A.1 Emissions' and 'A.2 Use of Resources*" sections for the details of our emissions goals and our progress towards these goals.

With the implementation of effective environmental policies along with staff education, the positive results demonstrated our success in the management of resource consumption. Although greenhouse gas emissions are deeply affected by our business performance at a certain period, we will continue to actively implement various policies and measures as needed such as reducing emissions as far as possible, to strive for better environmental performance in the coming future.

Active employee engagement is crucial to our success in raising green consciousness and achieving green operations in our day-to-day practices. While promoting environmental awareness among employees, we are also exploring other possible measures to further promote the green commitment in the hopes of amplifying our efforts in decarbonisation and constructing a sustainable future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Section B: Social

The Group understands the importance of managing its operation in the social aspects, including internal and external social factors, to achieve develop sustainably and responsibly while striving for performance. Hence, the Group strongly believes that a harmonious and safe working environment that respects the rights of the people is essential for its employees and its growth. Thus, the Group is committed to operating in an accountable and sustainable way by taking social responsibility considerations in our day-to-day operations through various measures to minimize possible risks arising.

The Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to employment, health and safety, labour standards, product responsibility, and anti-corruption during the Reporting Year.

B.1 Employment

The Group places huge importance on its most treasurable assets – its employees. The Group values the employees' contribution and dedication to the Group's business development and is envisioned to the concept of "people-oriented". For the sake of maintaining the mutual interests of both, the Group aims to grow with all employees for the future boom of the Group.

Employee Benefits

The Group has established a long-term favourable relationship with our employees. The Group offers competitive and attractive remuneration packages, including on-the-job internal and external training, medical benefits, transportation allowances, meal allowances, year-end bonus, and performance-based incentive bonus, to our employees. The Group also provides Social Insurance and Housing Provident Fund to all its employees. Mutual funds are collected from volunteers to provide to the applicants who are in serious sickness or economic difficulties. The Group continuously assesses all the employees based on their performance for the decision of salary increments, bonus, and promotion chances in order to keep them up to the Group's standard and reward them for their contributions. An attractive number of leaves, including marriage leave, compassionate leave, maternity leave, pregnancy checkup leave, breastfeeding leave and paternity leave, are provided to our employees to ensure that they can enjoy work-life balance. Also, the Group regularly organizes different types of employee activities, such as birthday parties, important festival parties, annual dinners, football matches and staff picnics.

Workforce

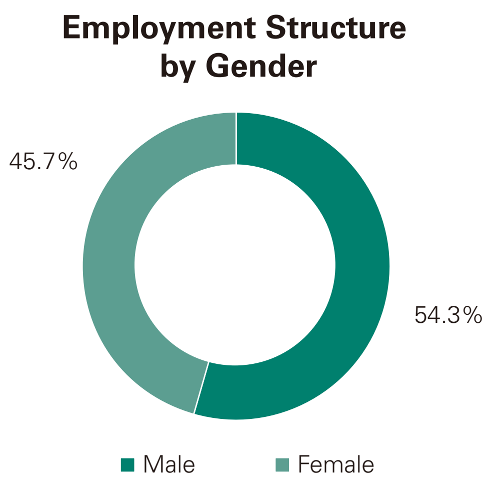
To diversify the background exposure of the Group, the Group hires employees based on experience, expertise, and values, regardless of race, colour, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, age, or sexual orientation. We promote equal opportunities and diversity for all employees.

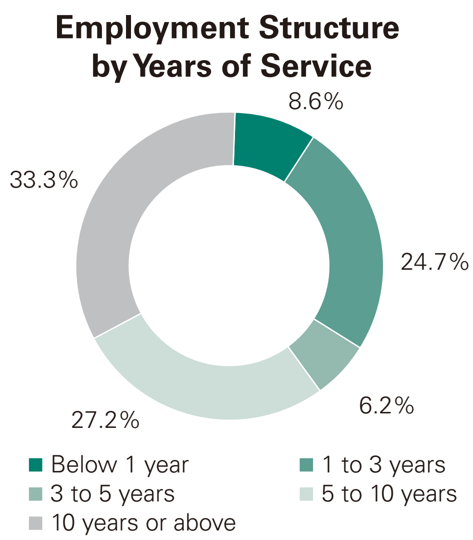
As of 31 December 2025, the total number of employees was 81 (2024: 218). All our employees were full-time employees and were employed in Mainland China and Hong Kong. The employees' male-to-female ratio was approximately 1.19:1, with 44 as male (2024: 135) and 37 as female (2024: 83). In addition, the Group have employees from different age groups. As of 31 December 2025, the Group consists of diverse workforce of different age groups, with Nil employees from the age of 18 to 25 (2024: 13 employees), 32 employees from the age of 26 to 35 (2024: 90 employees), 39 employees from the age of 36 to 45 (2024: 103 employees), 9 employees from the ages of 46 to 55 (2024: 11 employees), and 1 employee aged 56 or above (2024: 1 employee).

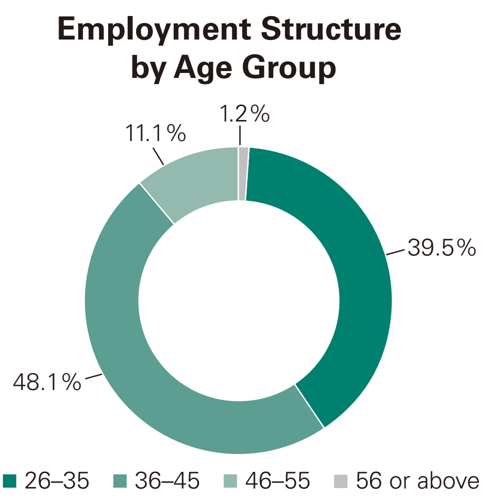
In respect of our harmonious working environment and effective human resources policies, approximately 66.7% (2024: 69.7%) of the employees have contributed for the Group for over 3 years as of 31 December 2025, which indicated that a good portion of the employees are loyal to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Please also refer to the below charts for more details of the employee structures of the Group:







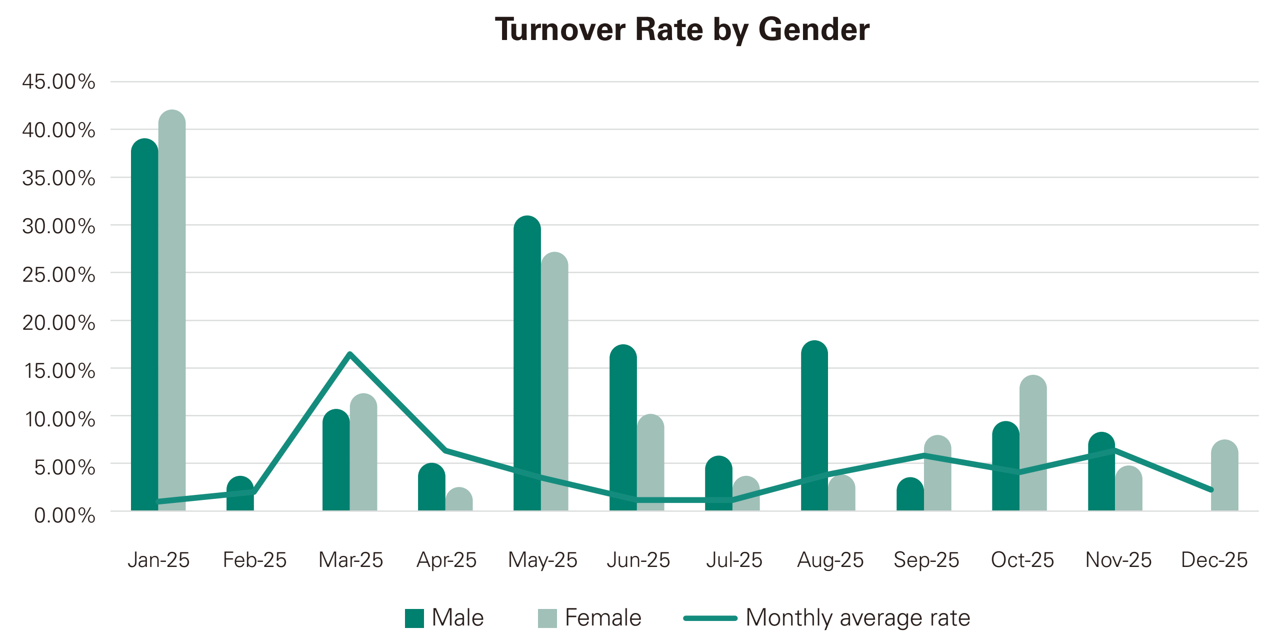
The Group treasures every single employee and strives to build a trustful and strong bond with them. Going on, the Group will continue to cultivate a harmonious working environment for further driving employee engagement and retention in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Turnover

During the Reporting Year, the Group monthly average turnover rate at approximately 12.2% (2024: 4.5%), representing an increase compared with the previous year. This was mainly due to the Company's strategic optimization and adjustment of its business structure, with the cessation of operations relating to the original independent R&D factory business module, resulting in corresponding optimization of the staffing structure. Such personnel changes represent reasonable adjustments during business model transformation and do not constitute employee turnover under normal daily operations. The Company will continue to optimize its human resource allocation to safeguard the stability of its core team and the steady development of its business.

The monthly average turnover rate of employees by age group was approximately Nil (2024: Nil) (Below 18 years old, as intern staff), 31.7% (2024: 6.4%) (18–25 years old), 12.6% (2024: 5.1%) (26–35 years old), 9.1% (2024: 3.5%) (36–45 years old), and 3.5% (2024: 4.6%) (46–55 years old). The monthly average turnover rate of employees by gender were approximately 12.4% (2024: 5.1%) (Male) and 5.7% (2024: 3.3%) (Female). The corresponding monthly average turnover rate of employees by geographical region was also 12.4% (2024: 4.6%) in the PRC, and 5.7% (2024: 1.7%) in Hong Kong.



The Group strictly abides by the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, Regulations on Management of Housing Provident Fund and other relevant laws and regulations which cover all employment protection and benefits.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Harmonious Workplace

Our company frequently organizes various staff activities to foster a sense of belonging and unity among employees. For instance, we hold birthday celebrations every six months to celebrate our colleagues' special days. During the Mid-Autumn Festival, all employees gather to enjoy delicious mooncakes together, creating a festive atmosphere. And on the Lantern Festival, the company cafeteria serves tangyuan, symbolizing unity and completeness, further strengthened our team spirit.

Staff Birthday Celebrations; Mid-Autumn Festival celebration

To cultivate an engaging working environment, a spacious restroom with comfy sofas and facilities is installed for employees to take a break from their work, and free snacks and drinks are also provided for refreshment. Aside from that, a gym and dance room have been constructed for employees so that they can exercise or stretch during their breaks.

Table tennis room; Gym room with gym equipment

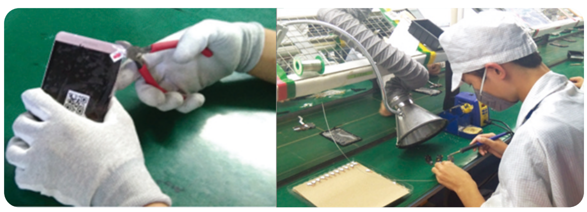
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.2 Health and Safety

The Group is committed to safeguarding the safety, health, and welfare of all employees, workers, and the general public likely to be affected by the ordinary operations of the Group. In order to deliver the Group's commitment, the Group has established certain safety policies in place. The policies clearly stated the safety requirements of every possible source, including machinery, lifting, electric shock, pressure vessels, toxic gas and suffocation, falling, mobile vehicles, and safety equipment. In case any kind of accident occurs, the Group formulates a well-developed emergency handling and reporting procedure to alleviate the possible loss in the most effective and efficient way.

The Group understands that preventive measures are way more important and efficient than reactive measures. Therefore, the Group provides and supervises the proper use of personal protective equipment for employees in all major production and work positions, continuously improves the working environment, strengthens employees' awareness of safety protection, and effectively safeguards employees' occupational health and personal safety. In addition, there are fire equipment, such as fire extinguishers and fire hydrants, placed in both the office building and workshops. The fire equipment is under regular checks to ensure that it is in good condition.

Our office is well equipped with fire-fighting equipment in case of fire



Our office is also well providing of personal protective equipment to strengthen safety protection awareness

The Group has strictly complied with the relevant laws and regulations on providing a safe work environment and protecting its employees from any occupational hazard. During the Reporting Year, there were no injury or fatal cases reported within the Group (2024: no injury and fatal case; 2023: no injury and fatal case; 2022: no injury and fatal case), thus no lost days resulted. Going on, the Group will continue to strive for a safe and healthy work environment for our employees and workers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.3 Development and Training

The Group underlines the indispensableness of employee improvement. The Group promises to provide sufficient and efficient training to the employees. The Group also focuses on the occupational requirements of employees at all levels to ensure that the employees are growing with the Company at the same time.

During the Reporting Year, total number of 16 employees (including resigned employees) (2024: 200 employees) received a total of 128.0 (2024: 200.0) hours of training, in which 18.0% (2024: 92.6%) of the total number of staff (including resigned employees) attended. The percentage of employees trained by gender was approximately 25.0% (2024: 58.5%) for male and 75.0% (2024: 41.5%) for females, while the percentage of trained employees by employment category was approximately 68.8% (2024: 87.0%), 18.8% (2024: 10.0%) and 12.5% (2024: 3.0%) for frontline staffs, middle management and senior management respectively. The average training hours completed per employee was around 0.9 hour (2024: 0.2 hours). The average training hours completed per employee by gender were approximately 0.6 hour for male and 2.6 hours for female (2024: 0.9 hour for male and 1.0 hours for female), and 1.8 hours, 0.8 hours and 0.8 hours for frontline staffs, middle management, and senior management respectively.

The Group also encourages the staff to attend external training and courses by offering reimbursement of the tuition fees. Performance appraisals are conducted regularly to assess the skills and knowledge of the employees. If any of the employees lag behind, additional training with assessments will be provided to keep the employees on track to maintain quality of work. Incentive rewards will be offered according to the points that are formed by the quantified evaluation results.

Going forward, the Company will gradually improve its employee training system, standardize the training process for new employees, and strengthen occupational safety training considering its business development plan and staffing arrangement, so as to safeguard the career development and operational safety of employees.

B.4 Labor Standards

The Group recognizes that compliance with international labour standards and protection of labour rights are two of the fundamentals of being a responsible company. The Group strictly abides by the relevant laws and regulations with regard to child labour, minimum wage specified by the government, and Social Insurance and Housing Provident Fund scheme. The Group has stipulated a Social Responsibility Management Manual which clearly states policies regarding the management of social responsibility-related issues, including child and forced labour. For instance, child and forced labour are strictly prohibited within the Group, and suppliers or subcontractors who use child or forced labour are not accepted and are restricted from engagement.

The Group is pleased to announce that it has not encountered any major risks in human rights and employment matters. The Group guarantees that no employee is made to work against his/her will, work under forced labour, or be subject to coercion related to work. During the Group's recruitment process, documentation of being legally eligible to work in the Group is obtained and verified. There was no employee recruited under the age of 18. Through the whistle-blowing mechanism, employees can voice out the injustice they face or report any suspicious matters. The management will investigate any reported cases immediately and take further follow-up actions if necessary.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.5 Supply Chain Management

As the Group engaged in the development, manufacture, and sales of smart products, the Group recognized the essentialness of the supply chain management of the inventories. During the supplier selection process, the Group considers the qualification, reputation, product quality, quality consistency, and the ability to deliver on time among the suppliers. The Group obtains the material samples for our internal testing to ensure the material supplies are up to our strict standards. A professional evaluation team was formed to perform an on-site inspection of the production process of the suppliers, only the suppliers with a passing result in the initial assessment can be added to our approved supplier list. During the Reporting Year, the Group traded with approximately 34 suppliers (2024: 45), of which there were 34 (2024: 44) from Mainland China, Nil (2024: 1) from Hong Kong, Nil (2024: Nil) from Singapore, Nil (2024: Nil) from the United States, and Nil (2024: Nil) from Canada. Looking ahead, the Group also seeks to enhance the adoption of domestic suppliers within its supply chain management. Aside from taking the reputability and reliability of suppliers into account, the Group also aims to limit the engagement with foreign suppliers and maximize the potential of suppliers from Mainland China as far as possible in order to support and reinforce the development of domestic brand names.

The Group conducts an annual assessment of the approved suppliers to confirm that they are up to its required standards. Additionally, as aforementioned, suppliers are required to sign a commitment to not use any materials harmful to the environment and promise to comply with relevant global regulations. The Group removes any of the suppliers with unsatisfying results from the approved supplier list to ensure that we produce the best quality of products using high-quality raw materials. Moreover, if any suppliers are found to be below our requirements and standards, warning letters will also be sent as an alert.

Besides the supplier selection and maintenance, the Group also places high importance on the contracting process with our suppliers. To safeguard the interests of both the Group and the counterparties, all contracts are under its Legal Department's review before signing to ensure the legal terms and obligations fulfil its requirements.

Not only does the Group focus on the upstream suppliers, but the Group also emphasizes the development of long-term relationships with the downstream customers. As mentioned, on-time delivery is the fundamental key to manage the supply chain. To enhance the effectiveness and efficiency of delivering products to the Group's customers, the Group has established an efficient supply chain management system that links manufacturers, suppliers, distributors, and retailers by optimising the allocation of resources. In this regard, the Group can provide best quality products to our customers in a timely manner at the most reasonable price.

B.6 Product Responsibility

Since the Group specializes in the development and manufacturing of smartphones and smart accessories, product quality is of high importance to the Group. The Group is committed to complying with and even exceeding applicable industrial and safety standards and quality control for the sake of safeguarding both the company's reputation and the public interests.

Quality Standards

The Group has established a comprehensive, strict quality control system, covering the whole product life cycle, including quality of product planning, R&D design quality, manufacturing quality, supplier quality, sales service quality, reliability test, customer satisfaction, quality of operation, etc. The Group's business process has achieved effective integration of multiple sets of quality management systems, unified execution, and met certification requirements. Currently, the Group has passed ISO9001, ISO14001, ISO45001, TL9000, and other management system certifications.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product Certification

Before the products are launched, certification reports must be obtained to comply with the standards required by relevant regulations and rules set in different regions, including the United States, the European Union, Asia-Pacific region, etc. The Group's legal team constantly monitors the updates on the aforementioned rules and regulations to ensure that our products are up to global standards.

Intellectual Property Rights

The Group attached great importance to Intellectual Property protection in order to better fulfil its product responsibility. The Group has registered a wide range of trademarks and Intellectual Property ("IP") rights for its products. No infringement is tolerated by the Group. Beyond that, the Group had also appointed a Chief IP Officer to focus on Company IP & trademark management. The Group holds a strong belief that by respecting and protecting Intellectual Property, the Group can promote industry innovation and create a healthy and sustainable development of the industry. During the Reporting Year, there were 7 patents (2024: 5 patents) successfully registered by the Group.

Customers' Response

The Group is committed to enhancing customer satisfaction and always treasures the customer relationship as an invaluable asset. The Group has formulated a thorough after-sale service network to effectively handle complaints by our customer service department. All complaints will be recorded in detail to facilitate follow-up actions as well as for future references to improve the product and sale-service quality. During the Reporting Year, there were 12 (2024: 12) complaints regarding product quality reported. All complaints are properly addressed and are resolved. Among the total of 181,908 (2024: 547,583) goods delivered during the Reporting Year, there were no products returned (2024: 0 products returned). Going forward, the Group will continue to keep a well-established relationship with our customers by providing top-quality products.

Data Privacy

Written policies and procedures concretely cover the topics including the treatment of confidential information, security of confidential information, and disclosure of confidential information. Unauthorized access to the Group's information system and take-away of sensitive information are strictly prohibited. The staff are required to sign a Non-disclosure Agreement ("NDA") upon recruitment. Confidential information is under strict monitoring to prevent any direct or indirect information leakage to external parties through any means.

Relevant Laws and Regulations

Actively notifying the compliance issues and inspecting any deficiencies can prevent problems from escalating. Therefore, the Group keeps a close eye on the updates of relevant regulations and codes to revise its policies and operations accordingly to prevent any malpractice. The Group will continue to strive to provide high-quality products to our precious customers. During the Reporting Year, the Group strictly complied with the relevant laws and regulations relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.7 Anti-corruption

Any forms of corruption and bribery are intolerable and unacceptable to the Group. The Group has established a wide range of "Anti-Bribery & Anti-Corruption Management Policy" that clearly state the definition of bribery and corruption, the Group's stance, and the responsibilities of its employees during various procedures such as procurement and tendering. The Group strictly prohibits its employees from accepting any forms of gifts and benefits beyond proper permission. Since the policy has extensively stated guidelines and expectations regarding integrity among the employees, it is deemed that fundamental concepts about anti-corruption are sufficiently provided. Although there is no related training provided currently, the Group is committed to raise the importance of moral business ethics and anti-corruption concepts among its employees, in which the Group promises to arrange training for newly recruited staff during orientation.

The Group encourages its employees to report alleged malpractices or misconduct. The Group values and welcomes the employees to report any suspected malpractices through various channels. The Management takes immediate action to investigate the issue once relevant reports are received. The Group promises to fully support the whistleblowers, and the identity of the whistleblowers is also well protected.

During the Reporting Year, there was no concluded legal case (2024: Nil) regarding any forms of fraud brought against the Group or its employees. The Group had strictly complied with relevant laws and regulations relating to bribery, extortion, fraud, and money laundering.

B.8 Community Investment

The Group places much emphasis on community investment, the Group invested a total of HK$1,100,000 and CNY 107,000 in 2025 (2024: HK$250,000), and it has continued to contribute back to the society in which it operates.

On 16 January 2025, the Group donated HK$1,000,000 to support the "English Assistance Program for Students with Special Educational Needs" program, which was hosted by "A 'Share & Learn' Crescent" – A nonprofit organization in Hong Kong. The program aims to provide new AI English learning support to students with special educational needs.

On 23 October 2025, the Group donated CNY 50,000.00 to support the "2025 Shenzhen Open Tennis Tournament & International Men's Professional Tennis Challenge" organised by Huajian Sports Industry (Shenzhen) Co., Ltd. in Shenzhen, China. The event aimed to promote the 2025 ATP75 Tennis Tournament and facilitate its commercial development.

On 28 November 2025, the Group donated HK$100,000 as start-up fund to Tai Po Wang Fuk Court Charity Foundation for disaster relief and post-disaster reconstruction, helping to safeguard the basic livelihood of affected people. The Group actively fulfilled its social responsibilities, conveyed care with concrete actions, and upheld the principles of social responsibility and sustainable development.

On 15 December 2025, the Group donated CNY57,000.00 to Lifeline Express Foundation. The donation was used for the "Lifeline Express" programme to provide free sight-restoring cataract surgeries, donate ophthalmic medical equipment and enhance grassroots ophthalmic medical capacity in underdeveloped areas of China, thereby improving the accessibility of primary medical services, protecting public eye health, and promoting social equity and improvement of people's livelihood.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Year, the Group actively participated in community services and fulfilled its social responsibilities by providing donations to support sports events, disaster relief and medical welfare programmes. The Group will continue to devote more resources to voluntary and community activities, with a view to making positive contributions to society in the future.

2025 Shenzhen Open Tennis Tournament & International Men’s Professional Tennis Challenge

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Data

	Year ended 31 December 2025	Year ended 31 December 2024
Emissions Indicators		
Air Emissions		
Total air emissions	**9.5 kg**	11.5 kg
– The PRC	**9.5 kg**	11.5 kg
– Canada	**–**	–
– The US	**–**	–
Air emission intensity	**0.12 kg per employee**	0.05 kg per employee
NO_x emission		
– The PRC	**8.7 kg**	10.6 kg
– Canada	**–**	–
– The US	**–**	–
SO_x emission		
– The PRC	**0.2 kg**	0.2 kg
– Canada	**–**	–
– The US	**–**	–
PM emission		
– The PRC	**0.6 kg**	0.7 kg
– Canada	**–**	–
– The US	**–**	–
Greenhouse Gas Emissions		
Total greenhouse gas emissions	**10,344.0 tonnes**	23,220.6 tonnes
– The PRC	**1,202.5 tonnes**	2,374.8 tonnes
– Canada	**15.6 tonnes**	133.1 tonnes
– The US	**9,125.9 tonnes**	20,712,7 tonnes
Greenhouse gas emission intensity	**127.7 tonnes per employee**	106.5 tonnes per employee
Scope 1 – Direct emissions	**32.0 tonnes**	40.9 tonnes
Automobile		
– The PRC	**32.0 tonnes**	40.9 tonnes
– Canada	**–**	–
– The US	**–**	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2025	Year ended 31 December 2024
Scope 2 – Indirect emissions from electricity consumption	**10,274.1 tonnes**	23,073.4 tonnes
Purchased electricity		
– The PRC	**1,132.6 tonnes**	2,227.6 tonnes
– Canada	**15.6 tonnes**	133.1 tonnes
– The US	**9,125.9 tonnes**	20,712.7 tonnes
Scope 3 – Other indirect emission sources	**37.9 tonnes**	106.3 tonnes
Paper waste disposal in landfills		
– The PRC	**2.4 tonnes**	4.2 tonnes
– Canada	**–**	–
– The US	**–**	–
Electricity used for processing fresh water		
– The PRC	**11.1 tonnes**	15.6 tonnes
– Canada	**–**	–
– The US	**–**	–
Electricity used for processing sewage		
– The PRC	**5.5 tonnes**	7.8 tonnes
– Canada	**–**	–
– The US	**–**	–
Business air travel by employees		
– The PRC	**18.9 tonnes**	78.7 tonnes
– Canada	**–**	–
– The US	**–**	–
Hazardous Waste Produced		
Total hazardous waste reported	**0.5 tonnes**	0.6 tonnes
– The PRC	**0.5 tonnes**	0.6 tonnes
– Canada	**–**	–
– The US	**–**	–
Hazardous waste disposed intensity	**0.006 tonnes per employee**	0.003 tonnes per employee

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2025	Year ended 31 December 2024
Non-hazardous Waste Produced		
– The PRC		
• Paper waste disposed	**0.5 tonnes**	0.9 tonnes
– Canada		
• Paper waste disposed	**–**	–
– The US		
• Paper waste disposed	**–**	–
Non-hazardous waste disposed intensity	**0.006 tonnes per employee**	0.004 tonnes per employee
Use of Resources Indicators		
Electricity Consumption		
Total electricity consumption	**33,755.4 MWh**	127,909.9 MWh
– Shenzhen Head Office	**589.6 MWh**	842.4 MWh
– Dongguan workshops	**1,545.0 MWh**	3,063.6 MWh
– Canada	**11,116.1 MWh**	66,557.6 MWh
– The US	**20,504.7 MWh**	57,446.3 MWh
Electricity consumption intensity	**416.7 MWh per employee**	586.7 MWh per employee
Water Consumption		
Total water consumption	**25,128.2 m^3**	35,654.0 m^3
– Shenzhen Head Office	**–**	–
– Dongguan workshops	**25,128.2 m^3**	35,654.0 m^3
– Canada	**–**	–
– The US	**–**	–
Water consumption intensity	**310.2 m^3 per employee**	163.6 m^3 per employee
Packaging Materials		
Total packaging materials consumption	**0.1 tonnes**	3.5 tonnes
– The PRC	**0.1 tonnes**	3.5 tonnes
– Canada	**–**	–
– The US	**–**	–
Packaging materials consumption intensity	**0.01 tonnes per employee**	0.02 tonnes per employee

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Data

	Year ended 31 December 2025	Year ended 31 December 2024
Employment Indicators		
Employment		
Total number of employees	**81**	218
By Gender		
Male	**44**	135
Female	**37**	83
By Years of Service		
Below 1 year	**7**	41
1–3 years	**20**	25
3–5 years	**5**	28
5–10 years	**22**	49
Above 10 years	**27**	75
By Age Group		
Below 18 (as intern staff)	**–**	–
18–25	**–**	13
26–35	**32**	90
36–45	**39**	103
46–55	**9**	11
56 or above	**1**	1
By Type of Employment		
Full time	**81**	218
Part time	**–**	–
Temporary	**–**	–
By Geographical Region		
Mainland China	**76**	211
Hong Kong	**5**	7
Employment turnover		
Total number of employee turnover	**310**	146
% of employee turnover (monthly average)	**12.2%**	4.5%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2025	Year ended 31 December 2024
By Gender (monthly average)		
Male	**12.7%**	5.1%
Female	**11.4%**	3.3%
By Age Group (monthly average)		
Below 18 (as intern staff)	**–**	–
18–25	**31.7%**	6.4%
26–35	**12.6%**	5.1%
36–45	**9.1%**	3.5%
46–55	**3.5%**	4.6%
By Geographical Region		
Mainland China	**12.4%**	4.6%
Hong Kong	**5.7%**	1.7%
Health and Safety Indicators		
Number of reported injuries	**–**	–
Number of loss hours	**–**	–
Number of lost days	**–**	–
Development and Training Indicators		
Total number of hours of staff training	**128**	200
Total number of employees received training	**16**	200
Male	**4**	117
Female	**12**	83
Percentage of employees received training	**18.0%**	92.6%
Percentage of employees trained		
By Gender		
Male	**25.0%**	58.5%
Female	**75.0%**	41.5%
By Employee Category		
Frontline Staff	**68.8%**	87.0%
Mid-level Management	**18.8%**	10.0%
Senior Management	**12.5%**	3.0%
Average training hours completed per employee		
By Gender		
Male	**0.6**	0.9
Female	**2.6**	1.0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	Year ended 31 December 2025	Year ended 31 December 2024
By Employee Category		
Frontline Staff	**1.8**	0.9
Mid-level Management	**0.8**	1.0
Senior Management	**0.8**	0.9
Number of suppliers		
Total number of suppliers	**34**	45
By Geographical Region		
The PRC	**34**	44
Hong Kong	**–**	1
Singapore	**–**	–
Canada	**–**	–
United States	**–**	–
Product Responsibility Indicators		
Total number of complaints received	**12**	12
Total number of goods returned	**–**	–
Total number of goods delivered	**181,908**	547,583
Percentage of goods returned	**–**	–
Anti-corruption Indicators		
Number of conducted legal cases regarding corruption	**–**	–
Community Indicators		
Community Investment		
Corporate charitable donation (equivalent amount)	**HK$1,100,000**	–
	CNY107,000	HK$250,000
Employee Volunteering		
Number of employee volunteers	**–**	–
Total number of service hours	**–**	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Reporting Guide & Reference

A. Environmental **Reference in this report**

A1. Emissions	Page #
Policies and 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.	8–12
KPI A1.1 The types of emissions and respective emission data.	8–11
KPI A1.2 Repealed 1 January 2025	N/A
KPI A1.3 Total hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	11
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11
KPI A1.5 Description of emission target(s) set and steps taken to achieve them.	9–11
KPI 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.	12

A2. Use of Resources	Page #
Policies on the efficient use of resources, including energy, water and other raw materials.	13–15
KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility).	13
KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	14
KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	13
KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	14-15
KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	15

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A. Environmental **Reference in this report**

A3. The Environment and Natural Resources	Page #
Policies on minimizing the issuer's significant impact on the environment and natural resources.	15
KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	15

A4. Climate Change	Page #
Repealed 1 January 2025	N/A
KPI A4.1 Repealed 1 January 2025	N/A

B. Social **Reference in this report**

B1. Employment	Page #
Policies and compliance with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	21–23
KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	21–22
KPI B1.2 Employment turnover rate by gender, age group and geographical region.	23

B2. Health and Safety	Page #
Policies and compliance with laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards.	25
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	25
KPI B2.2 Lost days due to work injury.	25
KPI B2.3 Description of occupational health and safety measures adopted how they are implemented and monitored.	25

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. Social	**Reference in this report**

B3. Development and Training	**Page #**
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	26
KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	26
KPI B3.2 The average training hours completed per employee by gender and employee category.	26

B4. Labour Standards	**Page #**
Policies and compliance with laws and regulations relating to preventing child and forced labour.	26
KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.	26
KPI B4.2 Description of steps taken to eliminate such practices when discovered.	26

B5. Supply Chain Management	**Page #**
Policies on managing environmental and social risks of the supply chain.	27
KPI B5.1 Number of suppliers by geographical region.	27
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	27
KPI B5.3 Description of practices used to identify environmental and social risk along the supply chain, and how they are implemented and monitored.	27
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	27

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B. Social	Reference in this report

B6. Product Responsibility	Page #
Policies and compliance with laws and regulations relating to health and safety. Advertising, labeling and privacy matters relating to products and services provided and method of redress.	27–28
KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	28
KPI B6.2 Number of products and service related complaints received and how they are dealt with.	28
KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	28
KPI B6.4 Description of quality assurance process and recall procedures.	27
KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	28

B7. Anti-corruption	Page #
Policies and compliance with laws and regulations relating to bribery, extortion, fraud and money laundering.	29
KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases.	29
KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	29
KPI B7.3 Description of anti-corruption training provided to directors and staff.	29

B8. Community Investment	Page #
Policies on community engagement to understand the needs of the communities where we operate and to ensure that our activities take into consideration the communities' interests.	29
KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	29
KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	29