

ZALL卓尔智联

Zall Smart Commerce Group Ltd.

卓爾智聯集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2098.HK

2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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About the Report

This report is the environmental, social and governance report (the “Report”) of Zall Smart Commerce Group Ltd. (the “Company”) and its subsidiaries (collectively, “Zall Smart Commerce Group”, “Zall Smart Commerce”, “we” or the “Group”) for the period from 1 January 2025 to 31 December 2025 (the “Reporting Period” or the “Year” or “FY2025”) to demonstrate the Group’s policies, measures and performance on environmental, social and governance (“ESG”) during the Reporting Period.

REPORTING PERIOD

This Report describes the Group’s overall environmental and social performance for the period from 1 January 2025 to 31 December 2025.

BUSINESS PROFILE AND SCOPE OF THE REPORT

Striving to become the world’s leading digital trading platform, Zall Smart Commerce Group has applied digital technologies such as big data, artificial intelligence, and blockchain to build a system of “B2B trading service + supply chain service + digital technology cloud service”, and is involved in property, transactions, cross-border trading, warehousing, logistics, finance, supply chain management and other comprehensive supply chain services. Its smart trading platforms include Sinoagri, HSH and Zall Steel, etc. Sinoagri is a comprehensive service platform for the whole agricultural industry chain. Its business involves diversified trading categories such as sweetener, feed, silk, pepper and coffee, and provides full circulation solutions for producers, processors, suppliers, and end sellers in the upstream and downstream of the industry. HSH, as an integrated service platform for the chemical plastics industry chain, utilizes the advantages of its industrial experience and information technology to provide supply chain services covering aspects such as information, transactions, finance, logistics and warehousing. Zall Steel is an Internet integrated service platform for the ferrous commodity industry. With “smart trading” as its mainstay and supply chain services and technology services as its two arms, it applied blockchain, big data and other technologies to build up six service platforms covering “smart trading, supply chain services, SaaS cloud services, warehouse IoT, smart logistics and data information”. In order to get involved in the “dual circulation” paradigm and facilitate smooth international trading, the Group’s Commodities Intelligence Centre Pte. Ltd. (“CIC”) provides digital trade matching, supply chain finance, market information and analysis services to global traders, and Zall International Trade Group focuses on international commodity trade. The Group’s research institutions, represented by Zall Smart Commerce Research Institute, have continuously enhanced the R&D and application of digital technologies such as big data and artificial intelligence. As of 31 December 2025, the Group had 368 patent applications, 114 licenses, 207 software copyrights and 167 trademarks in aggregate.

The Group is mainly engaged in supply chain management and trading business, of which revenue from Shenzhen Sinoagri E-commerce Co., Ltd.* (深圳市中農網有限公司) (“Sinoagri”), HSH International Inc. (“HSH”), Shanghai Zall Steel E-commerce Co., Ltd.* (上海卓鋼鏈電子商務有限公司) (“Zall Steel”), Commodities Intelligence Centre Pte. Ltd. (“CIC”) and Zall International Commerce (Singapore) Pte. Ltd. (“Zall International Commerce”) in aggregate accounted for approximately 74% of the total revenue recorded by the Group for the year ended 31 December 2025, and the revenue by business nature can directly reflect the operation scale and corresponding ESG risks. Therefore, we will focus on the disclosure of ESG data of Sinoagri, HSH, Zall Steel, CIC and Zall International Commerce. During the Reporting Period, we further expanded the reporting scope to include the disclosures and data on CIC and Zall International Commerce. The Group continues to adjust the reporting framework and disclosure principles to enhance the transparency and completeness of its disclosures. Any discrepancy in the scope and boundary of specific content has been specified in the relevant parts of the Report. Revenue distribution of the Group for the Year is set out below:

| Subsidiaries of Zall Smart Commerce Group | Business | Percentage contribution to total Group revenue |
|---|---------------------------------|--|
| Sinoagri | Agricultural products | 28% |
| HSH | Chemicals/plastics | 11% |
| Zall Steel | Ferrous metals | 9% |
| CIC | Trade and information services | 3% |
| Zall International Commerce | Trade and supply chain services | 23% |
| Others | | 26% |
| Total | | 100% |

About the Report (continued)

REPORTING PRINCIPLES

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the “ESG Code”) in Appendix C2 to the Rules Governing the Listing of Securities on the Main Board (the “Main Board Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Group has complied with all the “comply or explain” provisions as set out in the ESG Code. We also prepare the Report in strict compliance with the following four reporting principles as set out in the ESG Code:

- Materiality:** We continuously collect opinions from stakeholders and determine the ESG issues to be covered and key points to be reported in the Report based on the results of materiality assessment, so as to provide important and meaningful information for stakeholders. For the purposes of Part D of the ESG Code, the Group discloses climate-related risks and opportunities that are reasonably expected to potentially affect its cash flows, access to financing and cost of capital over the short, medium or long term.
- Quantitative:** We measure the key performance indicators with reference to the principles listed in the Environmental, Social and Governance Reporting Code in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including collecting environmental and social data from various departments, verifying documents, calculating and disclosing data, and finally submitting the Report to the Board for review after being verified by the management. Please refer to the relevant sections in the Report for the standards, methods and assumptions (if applicable) used in calculating all performance data.
- Balance:** The Report truthfully discloses the ESG information of the Group to provide an unbiased picture of our ESG performance during the Year.
- Consistency:** We followed the same data statistics and conversion methodologies as adopted in previous years. Previous relevant data have been disclosed in the Report, which enables stakeholders to have a clearer understanding and meaningful comparison of the Group’s ESG performance.

The final chapter of this Report sets out a complete index of contents for readers’ quick reference. This Report is prepared in both Chinese and English. In case of any contradiction or inconsistency, the Chinese version shall prevail.

Statement of the Board

Zall Smart Commerce Group Ltd. is pleased to present the Environmental, Social and Governance Report for the FY2025. We regard business sustainability as the core of our long-term development, and have incorporated climate-related issues and ESG elements into our long-term business strategy planning. Assuming the most important leadership role in the Group, the Board is responsible for formulating the Group's overall sustainable development strategies, leads and monitors the Group's sustainable development performance, provides guidance to the management on relevant strategies, as well as assumes responsibility for the Group's climate-related matters and other ESG matters.

As a responsible corporate citizen, the Group has clearly specified its short-term and long-term sustainable development vision and goals to keep reducing emissions in line with the requirements of local governments. We have set targets and strategies, for example greenhouse gas reduction targets, to incorporate sustainability and climate-related factors into the Group's strategic planning, business models and other decision-making processes. The Board regularly monitors and evaluates the effectiveness of the management approach, and adjusts our action plans based on the Group's ESG performance, for example, progress towards climate-related targets. Since the effective implementation of ESG policies depends on the cooperation and collaboration among various departments, we have established a robust ESG governance and implementation framework, under which responsibilities for decision-making, coordination, management and execution are clearly defined to coordinate different departments, with the aim of satisfying the expectations of stakeholders, thus working together for the sustainable development goals. For details, please refer to the section headed "Environmental, Social and Governance Management Structure".

As the world is transforming to a low-carbon economy, the Group strives to ensure that appropriate and effective risk management and internal control systems are in place to continuously identify, assess and monitor the ESG and climate change-related risks and opportunities, and has accelerated digital and intelligent transformation since 2015 to respond to these risks and opportunities. The Group has upgraded to an online commodity trading platform to effectively improve resource allocation in the market, and used the online trading model to change trading habits, so as to reduce environmental impact and increase resource utilization efficiency. During the Year, we continued to actively respond to the national strategy of "dual carbon" by intensifying ESG practices and constantly innovating supply chain services, striving to build a sustainable modern supply chain that is responsible, green and low-carbon. We continued to cooperate with the professional carbon data quantification service provider, EC Digital, to optimize the logistics supply system, and build a green supply chain in the agricultural products, chemicals and plastics, ferrous metals and other industries with the green trading service "Zall Zero Carbon (卓零碳)", so as to help companies achieving green and low-carbon development. For more information on the measures and policies adopted by the Group in its low-carbon development strategy, please refer to the sections headed "Environmental Aspects" and "Sustainable Operation". The section headed "Climate Change-related Matters" will also disclose how we address and manage climate-related risks and opportunities.

Adhering to the principle of "Business Ethics for Public Causes, Doing Business for Social Good", we have never forgotten our original intention, dedicating ourselves to serving the community. As a socially responsible enterprise, Zall Smart Commerce Group has always been actively engaging in public welfare undertakings, and giving back to the community with practical actions, so as to promote social harmony and progress. Meanwhile, we place great importance on environmental protection and community development, contributing to social progress and a sustainable future. We have also actively responded to and fully supported the national strategic plan for rural revitalization, contributing to promoting the high-quality development of rural industries. For more details, please refer to the section headed "Community Investment".

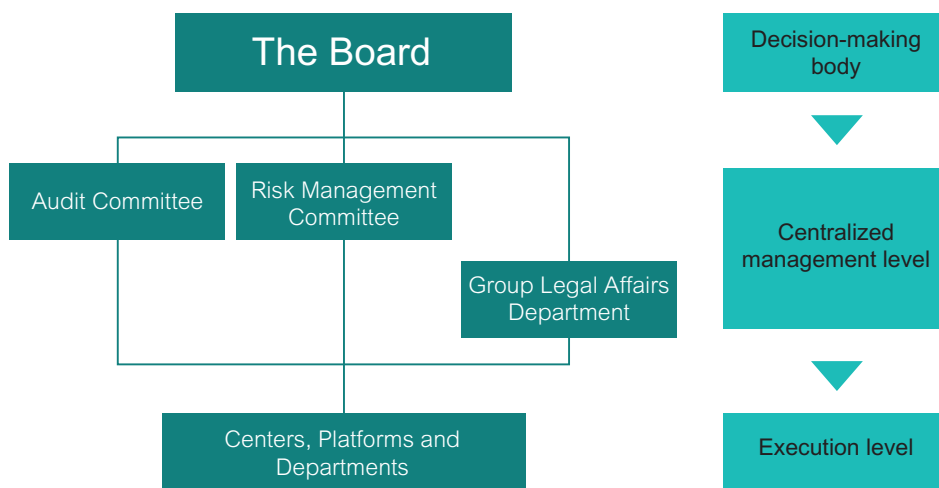
In view of the influence of its intensive efforts in developing digital trading over the years, and the achievements in undertaking public causes and promoting the digital transformation of traditional enterprises, the Group has received wide recognition from the market (including the capital market), the media and the public at large. The Group has been ranked among the "Fortune China 500" for eight consecutive years and received a number of accolades and awards, including "National Demonstration Enterprise for Supply Chain Innovation and Application", "China E-Commerce Demonstration Enterprise", and the "First Batch of Digital Commerce Enterprises Promoting the Development of Online and Offline Integration" from the Ministry of Commerce. For more details, please refer to the section headed "Awards and Honors".

Firmly holding onto its ideals and determined to innovate, the Group will continue to step up research and development as well as application of digital technologies, help enterprises further reduce costs and boost efficiency, and strengthen its capability in boosting the synergy of trading, warehousing, logistics and capital efficiency. Meanwhile, focusing on the vision of becoming a globally leading digital trading platform, we will continue to strengthen the digital, smart and international supply chain service capability of our digital trading and service platforms, persevere in intensive development of the industries and continue to expand the penetration and application of digital supply chains in the industries, so that we can truly achieve the goal of "making transactions smooth and simple, allowing essentials to flow without borders".

Looking ahead, the Board will review and monitor the Group's ESG performance on an ongoing basis and continue to work with stakeholders on a transparent and responsible basis to provide stakeholders with material ESG information that is reliable, consistent and comparable, so as to contribute to creating a better environment.

Environmental, Social and Governance Management Structure

Sustainable development has long been one of the key strategies of Zall Smart Commerce Group, and also forms a key integral part of the vision, mission and core values of Zall Smart Commerce Group, which is given high priority by the Group’s board of directors (the “Board”). In accordance with the requirements for listed company governance, the Group has constantly improved its sustainability governance structure, by gradually integrating the concept of sustainability into all sectors of the Company’s operations. The Group has established a management system leveled by “the decision-making body – the centralized management level – the execution level”, with the Board serving as the core decision-making body, which has clearly defined the duties and responsibilities of each level, in order to facilitate the implementation of its sustainable development strategy.



The Board is fully responsible for the Group’s sustainable operations, and directly leads, manages and monitors the Group’s ESG issues and the progress thereof, including climate-related issues. The Board is responsible for establishing the Group’s overall ESG management framework, which includes that for managing climate-related matters, ensuring that climate-related topics are integrated into the Group’s overall ESG management system. In addition, the Board also reviews, approves and oversees the progress and performance of climate-related and other ESG strategies, policies and targets to ensure that all initiatives align with the Group’s sustainability goals and stakeholder’ expectations. The Board meets at least once a year to discuss and review the performance and progress of climate-related matters. During the Reporting Period, the Group held one Board meeting to discuss ESG issues, including climate-related risks and opportunities. Moreover, the Board also reviews and approves the disclosures in the Group’s ESG Report to ensure that an accurate, timely and comprehensive picture of its ESG performance is provided. To continuously enhance the Board’s skills and capabilities regarding climate-related matters, we have formulated relevant training programs and provided ESG and climate-related training materials for our directors’ reference. Furthermore, during the Reporting Period, our directors participated in online training to stay informed about the latest development in climate change as well as relevant regulatory and disclosure requirements.

Meanwhile, the Board delegates the execution power to the senior management of the centers, platforms and departments of the Group. The management is required to incorporate the climate-related and other ESG elements into daily operations based on the Group’s environmental, social and governance concepts, and is also required to identify and assess risks and opportunities concerning ESG issues involved in the operations under its supervision, implement ESG strategies, as well as oversee and achieve ESG targets, and then report the same to the Board regularly or as necessary.

To manage the Group’s internal risks in a more systematic manner, we have established the audit committee, the risk management committee and the legal affairs department to provide guidance on identifying, assessing and managing significant ESG risks, including climate-related risks, and to formulate and review climate-related and other ESG strategies and corresponding management approaches, as well as to oversee ESG strategies, targets and indices. Regarding the latest climate-related issues affecting the Group, for example the management of climate-related risks, the risk management committee and the legal affairs department will communicate with various committee departments for coordination, and report the status and progress thereof to the Board on a regular basis and as necessary. Through this mechanism, we ensure that risks arising from our operations are minimised and properly handled.

Environmental, Social and Governance Management Structure (continued)

AUDIT COMMITTEE

The audit committee under the Board assesses the overall risks for the Group, including climate-related and other ESG risks, at its annual meeting and ensures that an appropriate and effective internal control system is in place to manage them. For details, please refer to the Corporate Governance Report of the Group.

RISK MANAGEMENT COMMITTEE

The Group's risk management committee incorporates climate-related risks into its risk management framework and prioritizes these risks based on the risk ratings identified. In addition, the risk management committee is responsible for coordinating and handling all risk-related works, including ESG-related risks and climate-related management matters. The main functions and responsibilities of the risk management committee are:

- Overseeing the cultivation of a corporate risk management culture;
- Formulating risk management strategies;
- Reviewing and approving the plan to establish a risk management organisation and its responsibilities;
- Reviewing and approving the Group's risk management system and risk control process;
- Supervising senior management's implementation of comprehensive risk management;
- Reviewing and approving the comprehensive risk management report;
- Reviewing and approving the disclosure of comprehensive and significant risks;
- Reviewing and approving risk assessment reports for major decision-making and major events, as well as the operational mechanism and criteria for determination of key business processes; and
- Other responsibilities relating to risk management that should be undertaken by the Group's risk management committee.

The risk management committee holds one meeting each year, and reports to the Board on the Group's performance and the latest developments relating to climate-related and other ESG risks and issues, as well as discuss with the Board on how to review and optimise current ESG management policies annually. The chairman of the risk management committee also convenes unscheduled meetings as necessary to ensure that the climate-related and other ESG related issues and risks are addressed in a timely and effective manner.

During the Year, the Group continued to intensify the construction of risk management system for each business platform, including, among others, strengthening the cultivation of a risk management culture, unifying, streamlining and improving the risk management rules and regulations for each business platform, assigning dedicated personnel in charge of risk management and clarifying their job responsibilities, as well as strengthening the Group's mechanism for collection and reporting of risk management information, to enhance the Group's ability to predict and address risks.

Environmental, Social and Governance Management Structure (continued)

GROUP LEGAL AFFAIRS DEPARTMENT

The Group takes corporate compliance seriously, and has set up a legal risk prevention mechanism. For business compliance, we have developed a legal risk accountability system which is led by the management and implemented by the legal affairs department, to seek professional advice from legal counsels, and engage all employees. In addition, the Group has set up an independent legal compliance department, which has further demonstrated the importance attached by the Group to legal compliance affairs. The legal compliance department comprises employees with a legal background to monitor the Group's compliance function and status. Its major responsibilities include:

- Drafting, reviewing and revising the Group's contract templates and legal documents (including but not limited to contracts, agreements, official letters, etc.);
- Identifying legal risks in business (including potential environmental, social and governance related legal risks);
- Providing legal advice and guidance as necessary to the Group's management, functional departments, subsidiaries and investees;
- Participating in the legal due diligence of the Group's external investment and M&A activities; and
- Liaising with and managing external lawyers and assisting external lawyers in legal proceedings.

The daily compliance management process of business departments mainly includes:

- All business contracts and agreements of business departments are required to be reviewed and approved by the relevant legal compliance department to reduce the contract performance risks;
- The legal affairs department organises training on laws and regulations to enhance the compliance awareness of business departments;
- The legal affairs department provides legal consultation and guidance to business departments, and contacts with external professional legal institutions to support business development; and
- The Group's risk control department conducts compliance checks on all departments, while the internal audit centre regularly audits the companies comprising the Group and proposes specific improvement suggestions, and then supervises the improvement performance.

Environmental, Social and Governance Concept and Vision

CONNECTING GLOBAL BUSINESS INTELLIGENTLY AND CREATING VALUE FOR CLIENTS

Committed to becoming the world's leading digital trading platform, Zall Smart Commerce Group taps into the "New Mode of Trading" and leverages digital technologies such as big data, artificial intelligence and blockchain to construct the "B2B trading service + supply chain service + digital technology cloud service" system, with a view to facilitate enterprises on cost reduction and increase efficiency, and further boost the synergy of, among others, transaction, warehousing, logistics and capital efficiency. We transform and upgrade traditional industries through core technologies and innovative models, make continuous efforts to promote infiltration of digital resources into each section of the industrial chain through multiple forms, and bridge the gap between the demand side and the supply side to achieve the upgrade from over-reliance on the demand side to attaching equal importance to demand increase and supply efficiency improvement, so as to release more value in the industrial chain. We will continue to uphold our business motto of "Connecting global business intelligently and creating value for clients", and firmly adhere to the principle of "Business Ethics for Public Causes, Doing Business for Social Good". The Group is fully advancing the integration of commercial value with social value, to build an ESG ecosystem where a harmonious development is achieved among enterprises, nature, employees and society.

SUSTAINABLE DEVELOPMENT POLICY

At Zall Smart Commerce Group, our sustainable development policy is rooted in a full commitment to the environment, society and the economy. We are committed to integrating sustainability into our business operations, and effectively reducing resource consumption and carbon emissions while driving business growth, as well as actively fulfilling our social responsibilities.

SUPPLY CHAIN MANAGEMENT

To actively respond to the national "dual carbon" policy, the Group has been improving its supply chain management, including standardising management elements, conducting risk assessment, establishing evaluation and access mechanisms for suppliers, and supervising other aspects of the product lines, such as warehousing and logistics. In addition to improving basic supply chains, we also noticed the impact of the supply chain on the overall sustainable development process, including carbon emissions, material selection, employee rights and interests of the suppliers, etc. along the supply chain. Therefore, we dedicate ourselves to exploring the addition of more sustainable elements to the current supply chain management framework, and further strengthening and improving the supervision and transparency of the supply chain, in a bid to enhance the management effectiveness. For details, please refer to the section headed "Sustainable Supply Chain Management" of this Report.

CLIMATE CHANGE

Climate change not only exerts a visible impact on the environment and ecology, but also changes the mode of social operation and business management. According to the report released by the United Nations Intergovernmental Panel on Climate Change (IPCC) in 2018, we must work together to reduce carbon emissions by 45% by 2030 and achieve net zero carbon emissions by 2050, in order to prevent serious disasters caused by climate change. As a leader of the supply chain industry, the Group undertakes the mission of becoming an industry model. We will closely control the impact of business operations on the environment, and continue to conduct research on climate change solutions in order to achieve the national "dual carbon" goal, so as to facilitate transforming crisis to opportunities. For details of the Group's climate change related issues, please refer to the section headed "Climate Change-Related Issues" of this Report.

SOCIAL INVESTMENT

Following the principle of "taking from society and using for society", the Group has been actively engaging in various charitable undertakings and offering help to those in need in the society leveraging the resources of the Group, aiming to enhance overall social well-being. We have also actively responded to the national strategy on rural revitalization, contributing to promoting the high-quality development of rural industries. For details on the social investment by the Group during the Reporting Period, please refer to the section headed "Community Investment".

CORPORATE GOVERNANCE

The Group always maintains high-standard corporate governance principles and operates in a clean and honest manner to ensure that the Group operates under a framework of compliance and legality. The Group also strictly follows national policies and initiatives on sustainability, formulates its green development strategy, reduces pollution and improves energy efficiency, as well as incorporates environmental protection into its values and corporate culture. In terms of business operations, we care for our employees and strive to create a safe, equal and inclusive workplace for employees to give full play to their strengths, while maintaining good relations with business partners. Looking ahead, the Group will continue to improve its industrial chain ecosystem, in a drive to create greater value for the environment, society and stakeholders.

Stakeholder Engagement

Stakeholder participation is vital to the Group's achievement of sustainable development. As such, the Group has established a variety of channels to maintain continuous communication with its relevant departments and external stakeholders, so as to gain a thorough understanding of its business operations' impact on stakeholders and the community's expectations regarding environmental, social and governance matters of the Group.

Through regular communications, surveys, community activities and other means, we are able to promptly identify potential business risks, opportunities and areas for improvement, which helps us meet the needs of stakeholders. We categorise key stakeholders into six groups, and list below the methods to communicate with them:

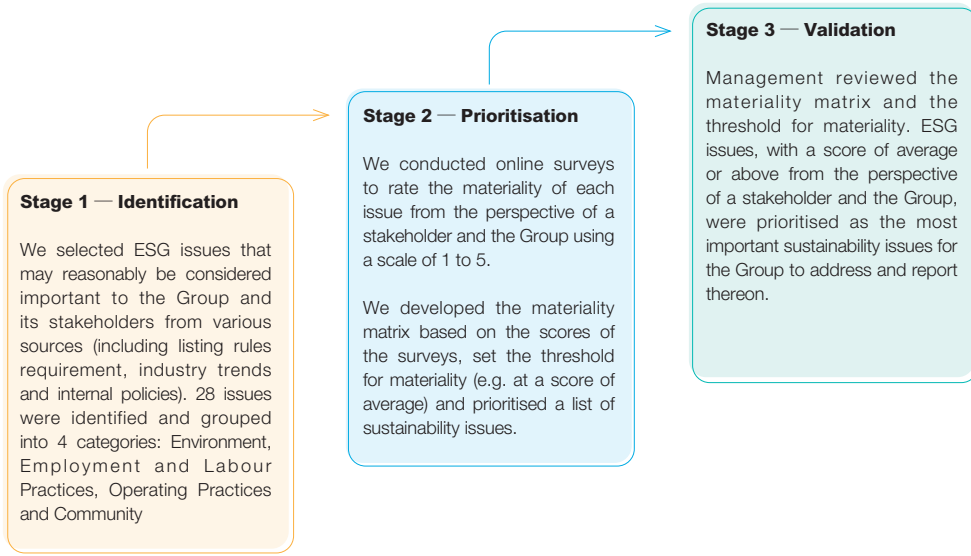
| Stakeholders | Significance of stakeholders | Communication channels |
|--|--|--|
| Investors and shareholders | <ul style="list-style-type: none"> Respond to the expectations of investors and shareholders; pursue and create long-term and stable financial returns | <ul style="list-style-type: none"> The Company's annual general meetings Annual reports, interim reports, ESG reports and other publicly available information Press releases and announcements Investor relations website |
| Employees | <ul style="list-style-type: none"> As employees are the most valuable assets of the Company, we pay close attention to the sustainable development issues of concern to the employees | <ul style="list-style-type: none"> Internal emails and publications Group website and social media Meetings Job performance assessment Networking activities |
| Customers | <ul style="list-style-type: none"> Meeting the sustainable development expectations of customers may consolidate the cooperative relationship and achieve long-term win-win results | <ul style="list-style-type: none"> Group website Customer service hotline Customer questionnaire survey Interviews and meetings |
| Suppliers | <ul style="list-style-type: none"> As the performance of suppliers has a great impact on the overall sustainable development performance of the Group, we must work together with suppliers and business partners on important issues | <ul style="list-style-type: none"> Annual and interim reports Business meetings Audit and evaluation Field inspection ESG report |
| Government and regulatory authorities | <ul style="list-style-type: none"> As a responsible enterprise, we maintain close contact with relevant authorities as the policies and regulations of the government and regulatory authorities are critical to us | <ul style="list-style-type: none"> Government regulations websites Government public consultation Email communication with regulatory authorities |
| Community organisations, media and public | <ul style="list-style-type: none"> We value the voices in the community, and hope to improve the quality of people's life through the Group's business activities and community investment | <ul style="list-style-type: none"> Group website and social media Press releases Corporate social responsibility activities |

Stakeholder Engagement (continued)

MATERIALITY ASSESSMENT

In preparing this Report, the Group directly engaged with the following stakeholder groups as part of the materiality assessment process to identify and prioritise the issues to be covered in this Report that have a significant impact on the business and stakeholders of the Group.

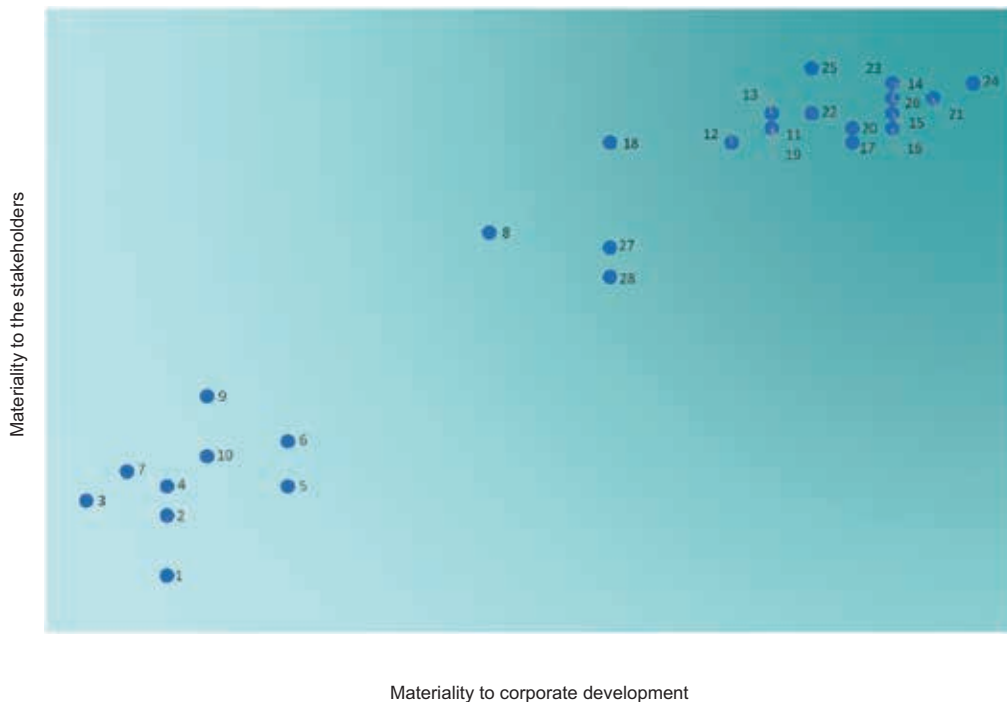
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MATERIALITY MATRIX

Based on the materiality assessment, the Board considers the most pertinent sustainability issues which are material to both the Group and its stakeholders include the followings:

Materiality Matrix



Stakeholder Engagement (continued)

In 2025, the identified important issues are as follows:

| | |
|--|--|
| Highly important issues | 11 Employment practices |
| | 12 Employee diversity and equal opportunities |
| | 13 Anti-discrimination |
| | 14 Staff occupational health and safety |
| | 15 Staff development and training |
| | 16 Prevention of child labour or forced labour |
| | 17 Responsible supply chain management |
| | 19 Compliance with laws and regulations relating to marketing and product and service labeling |
| | 20 Customer privacy and data confidentiality |
| | 21 Customer satisfaction |
| | 22 Intellectual property |
| | 23 Service/product safety |
| | 24 Service/product quality |
| 25 Business ethics | |
| 26 Anti-corruption training for management and staff | |
| Moderately important issues | 8 Environmental compliance |
| | 18 Environmental friendliness on procured products and services |
| | 27 Contributions to the community |
| | 28 Communication and connection with local community |
| Less important issues | 1 Air emissions |
| | 2 Greenhouse gas emissions |
| | 3 Effluents management |
| | 4 Waste management |
| | 5 Energy efficiency |
| | 6 Water use efficiency |
| | 7 Use of raw materials and packaging materials |
| | 9 Land use, pollution and restoration |
| | 10 Climate change |

Environmental Aspects

ENVIRONMENTAL PROTECTION

Since Zall Smart Commerce profoundly understands its social responsibilities as a listed company, it is committed to contributing to the country's green development. To this end, we have set clear targets to reduce all emissions (including air pollutants, hazardous and non-hazardous waste and sewage), energy use (including electricity and heat) and resource consumption (including water consumption and paper usage) by 3% by 2026 taking 2022 as the base year. We actively incorporate the concept of green development into our daily operations to ensure the realization of sustainable development by balancing economic, environmental and social needs. In addition, the Group has developed a systematic framework for environmental management to reduce negative impacts on the environment, improve resource efficiency, and reduce waste and emissions. Since 2021, the Group has obtained the environmental management system certification of GB/T 24001-2016/ISO14001:2015, covering pre-packaged food, chemical products, ferrous commodity e-commerce and sales, and computer application software development, among others. The system and related certifications have laid down a solid foundation for the Group's environmental sustainability and business success. Through the joint efforts with stakeholders, we hope to develop and implement more sustainable solutions that meet the needs of the society, and strive to harmonize economic growth with the consumption of resources and the environment, thus achieving a win-win situation for both development and the environment.

GREEN OFFICE

In accordance with the requirements of relevant laws, regulations and policies, Zall Smart Commerce has formulated a 7S Management System (《7S管理制度》) with Sort, Straighten, Sweep, Sanitary, Sentiment, Safety and Save as the seven major principles. It has established a 7S Implementation Team, and has clarified the responsibilities of the team leader, each member and specialist, to effectively guide the resource conservation and management efforts. At the same time, the Group has established the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》) based on the principles of environment protection and utilization of the Company's energy and resources effectively and rationally to reduce resource consumption. We have adopted a series of specific measures relating to green office and energy conservation as follows:

Saving electricity

- Switch off computers, printers, photocopiers, air-conditioner, water dispenser and other office equipment immediately after work to reduce standby time.
- Use a central air-conditioning control system in the office, which shall be set at not lower than 26° C in summer and the indoor heating shall be set at not higher than 20° C in winter, and should be turned off half hour before closing time.
- Prohibit the use of everburning lamps and daytime lamps. Minimize use of lighting in sunny day or when fewer employees in office, and switch off lighting when leaving office. Rearrange desks to utilize natural light and minimize artificial lighting.
- Reasonably adjust the number and configuration of electric water dispensers in the office building with reasonable operating time, to reduce ineffective power consumption.
- Reminders are posted next to power-consuming equipment and power switches to remind users to save energy.
- Obsolete high power consumption equipment in favour of new energy-saving technologies and equipment, such as installation of LED lightings and energy-saving air-conditioners.

Saving administrative resources

- Each department makes monthly applications in advance for office supply procurement and sets targets for reasonable use of office supplies.
- Strictly implement reception standards, control the scale of official activities, and practise simplicity and saving.
- The person who is the last to leave work must ensure that non-essential lighting facilities and electronic equipment in the office area are turned off.

Indoor air quality

- Engage a professional indoor air quality testing company to conduct testing in accordance with the national Indoor Air Quality Standard, in order to ensure that the indoor air quality is up to standard.
- The administration department inspects the sanitary conditions of each office every week, and plants green plants to a certain density in each office to regulate the indoor air quality.
- For any newly renovated office, air quality testing must be conducted, and the office can only be used after the air quality is up to standard.

Environmental Aspects (continued)

Saving paper

- Proactively promote office automation and networking and advocate the revision of manuscripts through electronic media, and encourage the use of digital documents and electronic business cards to reduce paper consumption.
- Advocate double-sided printing which is the default for printing of all computer files to save paper.
- The printing room is equipped with a recycling box to collect single-sided printed paper for printing of non-important documents.
- Simplify documents. Matters for which there is no need to issue printed documents should be handled through meetings if possible. Where printed documents are necessary, the printing quantity shall be accurately calculated to avoid excess printing.

Environmental protection and waste reduction

- Eliminate waste of water resources and strengthen the daily inspection, maintenance and management of water equipment. Put up reminds next to faucets to remind users to save water.
- Set up dry and wet garbage bins in offices according to the national garbage classification policy.
- Use cloth bags and environment-friendly bags instead of plastic bags in response to the plastic restriction order.
- Reduce the use of disposable items such as paper cups.
- Continuously publicise the benefits and methods of energy conservation and emission reduction, so as to form a corporate culture in this regard.
- Set up staff canteen and promote "Clean Plate Campaign (光碟行動)", to reduce disposable plastic tableware and avoid food wastes.
- Properly dispose of damaged and scrapped equipment and reuse old parts.
- Provide public transportation subsidies and electric vehicle charging piles to encourage green travel, thus reducing pollutants and carbon emissions.
- Strictly review and control the purchase and use of materials to avoid wasting resources.

In addition, the Group has formulated Management Measures for Environmental Sanitation and Greening (《環境衛生與綠化管理辦法》) to clarify the management rules and regulations for office environment greening, as well as the responsibilities of relevant departments and personnel. Through such management measures, the Group conducts the relevant planning and design of offices according to their features to ensure full utilization of the green area, and to improve the knowledge and skills of employees in greening maintenance and management, so as to implement timely cultivation and planting.

EMISSIONS MANAGEMENT

As China's leading supply chain management business operator, Zall Smart Commerce is committed to enhancing the efficiency of the traditional supply chain utilizing technologies and regards promoting green business awareness as its responsibility. As our principal activity is to connect buyers and vendors of merchandise through online platforms, the environmental impact of its operations is minimal. Nonetheless, we still expect to further reduce emissions and improve resource utilization efficiency in our business operations by applying advanced skills and innovative technologies, thus mitigating the environmental impact.

The Group strictly complies with the environmental protection laws and regulations of the Chinese government at all levels, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and so on, striving to achieve the sustainable development while meeting its obligations to protect the environment, so as to achieve sustainable development goals. In view of the changing policy requirements, the Group conducts self-analysis in house every year, closely monitors the policies and laws and regulations newly promulgated by the government, and updates its corresponding management measures in a timely manner for distributing to all departments. The Group also maintains awareness of energy conservation and emission reduction and ensures the compliance with environmental protection regulations by monitoring its departments through trainings and regular audits. During the Reporting Period, the Group had not identified any material violations of the laws and regulations relating to environmental protection.

Environmental Aspects (continued)

WASTE GAS AND SEWAGE EMISSIONS

Air emissions directly generated by the Group mainly come from the use of fuel for vehicles for logistics and administrative use. Sewage emissions mainly originate from water consumed during inventory inspection and the testing of agricultural products. During the Reporting Period, the use of vehicles by the Group increased slightly, resulting in a moderate increase in air emissions for the Year. During the Reporting Period, direct waste gas and sewage emissions from the Group's business operations were as follows:

| Type of emissions ¹ | Unit | 2025 | 2024 | 2023 |
|------------------------------------|--------|-------|-------|-------|
| Nitrogen oxides (NO _x) | kg | 8.22 | 7.17 | 10.3 |
| Sulphur oxides (SO _x) | kg | 0.39 | 0.42 | 0.56 |
| Particulate matter (PM) | kg | 0.96 | 0.83 | 1.23 |
| Sewage | tonnes | 2,652 | 3,418 | 5,409 |

We have set clear emission reduction targets and strived to reduce air pollutant and sewage emissions by 3% as compared with 2022 by 2026. The Group has made great efforts to reduce emissions from logistics vehicle fleets and has incorporated this into its sustainable development business practice plan. We require vehicles of third-party logistics suppliers as well as our own vehicles to meet national vehicle emission standards in order to ensure high fuel efficiency and minimise pollutant emissions.

The Group has always advocated for public transportation and has provided public transportation subsidies. It also encourages walking for short distances to reduce vehicle use. In addition, the Group has implemented the Vehicle Management Measures (《車輛管理辦法》) to clearly stipulate the requirements of vehicle insurance, maintenance, and repair, etc., and kept detailed vehicle records to better manage fuel consumption to improve fuel efficiency for vehicles. With the popularity of new energy vehicles, the Group has provided electric vehicle charging piles and other facilities to encourage employees to use new energy vehicles for transportation, in order to further reduce the use of fuel-burning vehicles. During the Reporting Period, the Group did not find any violation of laws and regulations relating to waste gas.

In terms of sewage treatment, the Group has set up recycling pipelines to collect and filter sewage to ensure that the sewage discharge meets the statutory standards. We also recycle a portion of usable sewage to reduce sewage emissions. During the Reporting Period, the Group had not identified any violations of the laws and regulations relating to sewage discharge.

WASTE EMISSIONS

The Group places great emphasis on the management of waste emissions and strictly complies with all applicable environmental laws and regulations, by establishing systematic management mechanisms for hazardous waste, non-hazardous waste and discharges into land. During the Reporting Period, the Group did not identify any violations of the laws or regulations relating to hazardous waste, non-hazardous waste and discharges into land.

Laboratory Hazardous Waste

The Group strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environment Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and other environmental laws and regulations to deal with hazardous wastes. As the Group's quality inspection that involved sulphuric acid and hydrochloric acid was outsourced to third parties during the Year, the Group did not generate significant hazardous waste emissions during the Year.

¹ The calculation method of the corresponding air emission assessment figures and the emission factors used in the calculation are based on "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "Technical Guide for Air Pollutant Emission Inventory for On-road Vehicles (Trial Implementation)" issued by the Ministry of Ecology and Environment of the People's Republic of China, and the "Energy Statistics Manual" and the "Oil Information: Database Document (July 2025 Edition)" issued by the International Energy Agency

Environmental Aspects (continued)

Office Waste

The day-to-day operation of the Group's administrative offices generates waste, mainly non-hazardous waste, including waste paper and general waste. Our office operation also generates a small amount of hazardous waste, which mainly includes, among others, ink cartridges and toner cartridges. During the Reporting Period, the types and quantities of major office waste generated by Group were as follows:

| Type of waste ² | Unit | 2025 | 2024 | 2023 |
|----------------------------------|------------------------------|---------|---------|---------|
| Hazardous | | | | |
| Ink cartridges | tonnes | 0.006 | 0.109 | 0.115 |
| Toner cartridges | tonnes | 0.004 | 0.005 | 0.000 |
| Intensity of hazardous waste | tonnes/employee ³ | 0.00001 | 0.00012 | 0.00011 |
| Non-hazardous | | | | |
| Paper | tonnes | 1.171 | 2.925 | 3.874 |
| General waste | tonnes | 5.420 | 6.001 | 6.578 |
| Intensity of non-hazardous waste | tonnes/employee ⁴ | 0.00781 | 0.00925 | 0.00989 |

As we actively promote paperless office and the digitization of business processes, which have effectively reduced the need for printing and paper consumption, the total waste emissions during the Year decreased by approximately 27% as compared to last year. We have set clear emission reduction targets and strived to reduce hazardous and non-hazardous waste emissions by 3% as compared with 2022 figures by 2026. The Group has formulated a 7S Management System (《7S管理制度》), the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》) in order to manage its office waste emissions more effectively. A number of measures for waste reduction have been implemented in the administrative office, starting from reduction at the source and recycling. In particular, we reduced the number of indoor waste collection bins to encourage employees to reduce waste emissions; advocated the reuse of waste and encouraged employees to make rational use of discarded cartons as express packaging where applicable. For more information on the Group's office waste reduction measures and policies, please refer to the "Green Office" section.

Since 2019, Zall Steel has made every effort to comply with the Regulations of Shanghai Municipality on the Management of Domestic Waste (《上海市生活垃圾管理條例》), to strictly implement the "four categories" of waste, and dispose of and discard domestic waste by "recyclable waste", "harmful waste", "wet waste" and "dry waste" categories. In addition, regarding internal management, Zall Steel adopted online internal office management to basically realise paperless office, which not only improved the efficiency of information transmission, but also reduced the use of office supplies, thereby implementing the energy saving and emission reduction initiative effectively.

RESOURCE USE

Zall Smart Commerce is committed to fulfilling its corporate responsibility on energy conservation, consumption reduction and green operation, and integrating resource conservation and resource efficiency improvement into its daily operations and management. The Group has formulated the Energy and Resource Management System, which requires each operation center or department to establish a management framework for environmental protection and resource conservation covering the management personnel of the operation centers and the members of all teams and groups. The persons in charge in each framework shall carry out environmental protection and resource conservation tasks within their jurisdictions in accordance with the provisions. Under such management framework, the head of each operation center or department is the primary responsible person for environmental protection and resource conservation management, and is responsible for arranging and implementing relevant work of the units under his/her supervision. The property manager of each department is responsible for implementing specific management measures for environmental protection and resource conservation of the units. In addition, the system clarifies that all employees have the responsibility to contribute to energy saving and consumption reduction in their respective positions, thus forming a good atmosphere of full participation and jointly promoting the construction of green offices.

² The data covers the waste primarily generated from the Group's offices in Shanghai, Changzhou, Shenzhen and Singapore.

³ The number of employees within the scope of the Report is 844 for the Year, 965 in 2024 and 1,057 in 2023.

⁴ The number of employees within the scope of the Report is 844 for the Year, 965 in 2024 and 1,057 in 2023.

Environmental Aspects (continued)

ENERGY CONSUMPTION MANAGEMENT

The major sources of energy used by the Group include the purchased electricity for day-to-day office operation and the fuel consumption from use of vehicles. During the Reporting Period, the Group's energy consumption was as follows:

| Energy consumption ⁵ | Unit | 2025 | 2024 | 2023 |
|------------------------------------|---------------------------|------------|------------|------------|
| Direct energy consumption | MWh | 234 | 253 | 348 |
| Gasoline | Litre | 26,400 | 28,595 | 37,739 |
| Indirect energy consumption | MWh | 542 | 595 | 624 |
| Purchased electricity | MWh | 542 | 595 | 624 |
| Total energy consumption | MWh | 776 | 848 | 972 |
| Total energy consumption intensity | MWh/employee ⁶ | 0.92 | 0.88 | 0.92 |

During the Year, we improved fuel efficiency and reduced the facilities in our office space, resulting in a decrease of approximately 9% in total energy consumption as compared to last year. To continuously achieve energy consumption savings effectively in the future, the Group has implemented the following internal measures.

Improving Fuel Efficiency of Vehicles

In order to reduce energy consumption during transportation, we have actively monitored the fuel efficiency of our logistics fleet and pay close attention to vehicle performance. We also regularly maintain and repair vehicles to ensure they are in optimal operation. When using vehicles, we will plan routes to minimise travel distance, so as to reduce travel time and energy consumption of vehicles, thus improving transportation efficiency. The Group's Vehicle Management Measures (《車輛管理辦法》) requires scheduled maintenance to be conducted every 5,000 km, including changing the oil, oil filter, air filter, auto filter and other parts, if necessary, to ensure that vehicles travel at maximum efficiency, so as to minimize emissions. Meanwhile, the Group has strengthened its fuel consumption management, implemented a fixed-point refueling management system, kept records of license plate numbers and fuel cards, and conducted monthly audit. Such measures not only facilitated to save vehicle costs, but also effectively monitored and controlled vehicle fuel consumption and emissions, further advancing the achievement of our sustainable development goals.

Saving Energy

In order to reduce energy consumption, improve energy efficiency, and mitigate the impact of greenhouse gas emissions on the environment, the Group has implemented a series of comprehensive energy saving measures, covering management at source, control during process and post-evaluation. We have set clear emission reduction targets and strived to reduce energy usage (including electricity and thermal energy) by 3% as compared with 2022 figures by 2026. To systematically protect the environment, fully and effectively utilise energy and resources and reduce resources consumption, the Group established the 7S Management System (《7S管理制度》), the Energy and Resource Management System (《能源、資源管理制度》) and the Office Civility Convention (《辦公樓文明公約》). By strengthening energy usage management and adopting measures which are technically feasible, financially reasonable and acceptable to the environment and society, the Group has eradicated waste and reduced its energy consumption to reduce its loss, so as to effectively and reasonably use resources and lower greenhouse gas emissions. In addition, we have also preached such management measures to enhance the environmental awareness of departments and promote orderly use of electricity. For more information on specific emissions reduction measures and policies of the Group's offices, please refer to the section headed "Green Office".

⁵ The data covers direct and indirect energy consumption primarily from the Group's offices in Shanghai, Changzhou, Shenzhen and Singapore. The calculation method of the corresponding energy consumption figures and the emission factors used in the calculation are estimated according to "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, "China Energy Statistical Yearbook 2023" published by the National Bureau of Statistics of the People's Republic of China, and the "Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial Edition) (工業其他行業企業溫室氣體排放核算方法與報告指南(試行))" published by National Development and Reform Commission of the PRC.

⁶ The number of employees within the scope of the Report is 844 for the Year, 965 in 2024 and 1,057 in 2023.

Environmental Aspects (continued)

WATER CONSUMPTION MANAGEMENT

The Group's water is mainly used for routine office activities. During the Reporting Period, the Group's direct water consumption was as follows:

| Water consumption ⁷ | Unit | 2025 | 2024 | 2023 |
|--------------------------------|---------------------------------------|-------|-------|-------|
| Water consumption | m ³ | 3,422 | 4,175 | 6,161 |
| Water consumption intensity | m ³ /employee ⁸ | 4.05 | 4.33 | 5.83 |

Since the Group fully appreciates the importance of water resources to the earth's resources and environment, the Group focuses on reducing the water consumed in office activities, despite its business does not involve water intensive operation. To this end, the Group has formulated the Energy and Resource Management System (《能源、資源管理制度》) to implement relevant water-saving measures effectively, including posting reminders next to faucet to remind users to save water. In addition, the Group usually encourages employees to use recycled water or grey water when feasible for flushing toilets, irrigation and other purposes to raise their water-saving awareness. We control the water flow of faucets with different functions to further reduce waste of water, and also regularly examine and maintain water flow devices to avoid water leakage. The Group's offices use municipal water supply and have no problems in sourcing water. Water consumption for the Year was decreased by approximately 18% as compared to that of last year.

PACKAGING MATERIALS

Our supply chain business seldom involves the use of packaging materials such as packaging paper and carton boxes. Upholding the principles of simplicity and environmental protection, we use recyclable materials whenever possible, when we need to use packaging materials. In each of year 2023, 2024 and 2025, the Group's consumption of packaging materials, including packaging cartons, carton boxes and adhesive tape, is zero tonne.

THE ENVIRONMENT AND NATURAL RESOURCES

Save for the above mentioned emissions, Zall Smart Commerce's supply chain management business did not have any other material impacts on the environment or natural resources. However, in the traditional wholesale market development business, the Group's project developments will have certain impacts on the surrounding environment. As such, while formulating business development and investment plans, the Group ensures that the impact of development of new projects on the ecological environment and natural resources where the business is developed is minimised and meets all local laws and regulations. To this end, we have formulated the following project development evaluation framework and each subsidiary is required to follow such framework.

1. In evaluating new business development project approval, evaluate and ensure that the project meets the requirements of social and environmental development
2. Appoint professional advisors to conduct feasibility studies to ensure the project meets local policies and development requirements
3. In the process of project implementation, define the responsibilities of each functional department, supervise and manage the project process, and prevent and control disharmonious events
4. Project audits and post-evaluations cover environmental and social impacts, and evaluation results are adopted as the basis for project reward and accountability

Environmental protection is the responsibility of every employee of the Group. The Group is committed to sustainable development and the provision of high-quality products while minimizing the impact of our business activities on the environment. For detailed measures, please refer to the sections headed "Green Office", "Emissions Management" and "Resource Use".

⁷ The data covers the domestic water consumption of the Group's offices in Shanghai, Changzhou, Shenzhen and Singapore.

⁸ The number of employees within the scope of the Report is 844 for the Year, 965 in 2024 and 1,057 in 2023.

Climate Change-related Issues

Climate change is one of the major global challenges of the society today. We must act immediately, actively respond to climate change, and strive to protect the ecological environment and the sustainable development of communities. Extreme weather such as strong winds and heavy rainfall, as well as tides and floods, has become media focus in recent years. Logistics and supply chains are susceptible to climate change, as losses may occur due to severe damage caused by extreme rainfall, rising tides and flooding to assets such as buildings, warehouses and goods. Although such incidents are beyond anyone's control, the Group believes that all stakeholders shall make concerted efforts to tackle climate change, one of the biggest threats facing the world over the next few years.

In response to the Paris Agreement, the Hong Kong government has issued the Hong Kong's Climate Action Plan to lay down plans and actions, set the vision of "Zero-carbon Emissions, Liveable City, Sustainable Development", and commit to a more aggressive medium-term target to reduce total carbon emissions of Hong Kong by half against the 2005 level by 2035. The government of Hong Kong has pledged to achieve carbon neutrality by 2050. In addition, the Mainland China seeks to achieve carbon neutrality by 2060, while the Singapore government has pledged to achieve net-zero emission by 2050.

Our initiatives to address climate change have been integrated into the Group's business strategy, governance and risk management processes. During the Reporting Period, the Group further enhanced the climate-related disclosures. The Group's approaches to address climate-related issues are summarised in the following sections.

UNDERSTANDING OF OUR CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Group regularly conducts risk identification and assessment covering all business related risks, including climate-related risks and opportunities, in order to gain a comprehensive understanding of the management of various risks and to assess whether an adjustment to risk control measures is necessary. There were no significant changes to the Group's overall risk management process as compared with the previous reporting period.

The Group has fully incorporated the processes and outcomes of its climate-related risks and opportunities assessment into its existing overall corporate risk management framework. We track, record, assess and test the business-related risks identified, including climate-related risks and opportunities, with our risk management manual. We assess, rate and prioritise climate-related risks and opportunities based on their likelihood of occurrence, level of potential impact and relevance to the Group's scope of operations (including its business model and value chain). Given the differences in the regions and the industries where the Group operates, and its positioning in the value chain, we evaluate the various impacts arising from climate change based on specific geographic regions and business activities. Where appropriate, we incorporate climate-related risks into existing risk categories. For example, we incorporate the risk of supply chain disruptions caused by extreme weather events into the operational risk, as this climate-related physical risk will impact the Group's business continuity. Meanwhile, any shift in customer preferences during the transition to a low-carbon economy will facilitate the Group to adjust its business direction toward providing low-carbon products and services, therefore we incorporate such climate-related transition risk into the strategy risk.

The Board, relevant committees and the management have a thorough understanding of climate change-related concepts, including the unique nature of climate-related risks and opportunities, and their potential impact on the Group's operations and development. The Board and relevant committees also regularly review the effectiveness of the management's efforts in overseeing and managing climate-related risks and opportunities. For further details, please refer to the "ESG Management Structure" section.

The Group has assessed and identified a range of climate-related risks and opportunities associated with its assets and services covering the present and the short (2027), medium (2035) and long term (2050). The time horizons used align with the Group's overall corporate strategic plan and the climate targets set by the government. These climate-related risks and opportunities mainly arise from the Group's vehicles and offices in China and Singapore, and may also possibly affect third-party warehouses and suppliers' goods. For example, adverse weather conditions are likely to compromise logistics efficiency, leading to transportation delays or damage to goods. In addition, some of our operation sites are exposed to adverse weather conditions such as heavy rain, typhoons and severe thunderstorms as they are located in coastal areas, which may disrupt our normal operations. During the transition to a low-carbon economy, we may also face transition risks, leading to increased operating costs, as well as heightened reputational and legal risks resulting from policy changes, technological advancement, digitalization and fluctuations in market supply and demand. Meanwhile, climate change also brings climate-related opportunities for the Group, namely, the potential for value growth presented by the organisation through low-carbon innovation, improvement of resource efficiency, market expansion, enhancement of supply chain resilience and other means as it addresses and mitigates climate-related risks.

Climate Change-related Issues (continued)

The Group will continue to monitor market and policy developments to keep abreast of the latest trend in climate change. The table below outlines the key climate-related risks and opportunities we have identified and describes their potential impact on the Group's business model and value chain over various time horizons.

| Risk type | Description | Potential impact on the business model and value chain of the Group |
|---|---|--|
| Climate-related physical risks | | |
| Acute | <ul style="list-style-type: none"> Frequency and intensity of extreme weather events (such as tropical cyclones, extreme flooding, heat waves, and river flooding) increase | Short and medium term |
| Chronic | <ul style="list-style-type: none"> Changes in extreme weather patterns Changes in precipitation pattern Higher average temperature Sea level rise | <ul style="list-style-type: none"> Properties and assets in regions with higher climate-related risks are expected to suffer damage, leading to an increase in maintenance and operating costs and potentially affecting asset valuation Employees' working environment and attendance will be affected, which may potentially reduce productivity and have an impact on profit Transportation disruption and supply chain interruption lead to service disruption, lower service reliability and decreased revenue, thus negatively affecting the Group's operational performance |
| Climate-related transition risks | | |
| Policy and legal risk | <ul style="list-style-type: none"> The requirements for emission reporting are enhanced, with more stringent reporting standards and disclosure requirements for climate-related emissions data Potential new regulations and policies may impose stricter mandatory requirements on the environmental standards of the Group's existing products and services. In particular, they may restrict the use of specific high-carbon-emission raw materials or heighten emission level or energy efficiency or other environmental standards. | Short, medium and long term |
| | | <ul style="list-style-type: none"> In view of the requirements for compliance with climate-related regulations, the Group will implement new operation models, processes and management frameworks, requiring additional resources for process optimization, system establishment, staff training and internal control adjustments, which will increase the Group's overall operating costs |
| | | Medium and long term |
| | | <ul style="list-style-type: none"> Existing equipment and operational systems are unlikely to meet the tightened requirements, which may force the Group to phase out existing facilities and carry out technological upgrades, thereby increasing capital expenditures related to purchase, retrofitting, installation and testing of equipment Due to the tightening low-carbon policies, the market structure is expected to change significantly, and the demand and supply for high-carbon-emission products and services are expected to decline gradually, which will prompt the Group to realign its value chain to adapt to these changes |

Climate Change-related Issues (continued)

| Risk type | Description | Potential impact on the business model and value chain of the Group |
|--------------------------------------|---|--|
| Technology risk | <ul style="list-style-type: none"> Applying and transition to emerging low-carbon technologies, by replacing the Group's existing products and services with low-emission alternatives | <p>Medium and long term</p> <ul style="list-style-type: none"> The development and use of emerging low-carbon technologies may increase transition and operating costs, thus affecting the Group's profitability and increasing its financial pressure With technological advancement, the overall market demand for high-emission goods and services is expected to decline gradually. Failure to adopt emerging low-carbon technologies in a timely manner could result in the loss of competitive edges in the market for the Group's existing products and services. Existing facilities, suppliers and partners in the Group's value chain may also be unable to adapt to the requirements on and the needs for emerging low-carbon technologies immediately, thereby affecting the stability and operational efficiency of the value chain |
| Market risk | <ul style="list-style-type: none"> Customer behavior continues to evolve, such as an increasing preference for sustainable consumption options | <p>Medium and long term</p> <ul style="list-style-type: none"> Consumer preferences are expected to shift, prompting the Group to realign its value chain with emerging market demands Revenue portfolio and sources will change, in particular the revenue from high-emission products will gradually decrease |
| Reputation risk | <ul style="list-style-type: none"> As the awareness of sustainability has been increasing, customers are increasingly preferring products and services that meet green, low-carbon, and eco-friendly standards Stakeholders impose higher requirements on the management of climate-related risks and sustainability performance of the Group | <p>Medium and long term</p> <ul style="list-style-type: none"> Demand for high-emission products and services is expected to reduce If the Group is not up to the standards in these areas, it may be considered as failing to fulfill its responsibility to promote the low-carbon transition, which could affect the relationships with stakeholders, thereby compromising the Group's reputation and market competitiveness |
| Climate-related opportunities | | |
| Resource efficiency | <ul style="list-style-type: none"> Adopting more efficient production, transportation and distribution processes, e.g. using relevant technologies to improve operational performance and energy efficiency Implementing recycling and resource reuse initiatives Reducing water consumption and usage | <p>Medium and long term</p> <ul style="list-style-type: none"> By improving resource utilization and overall operational efficiency, we will effectively reduce operational costs related to energy, materials, logistics, water and etc., and optimize the Group's cost structure, so as to enhance its operational performance It is beneficial to human resources management and planning, e.g. improving employee satisfaction and productivity |

Climate Change-related Issues (continued)

| Risk type | Description | Potential impact on the business model and value chain of the Group |
|---------------|--|--|
| Energy source | <ul style="list-style-type: none"> Reducing the Group's reliance on traditional fossil fuels and gradually increasing the use of low-carbon and clean energies | <p>Medium and long term</p> <ul style="list-style-type: none"> The risks associated with price fluctuations, supply shortages and rising costs of fossil fuels in future will be mitigated, which will help stabilize the overall operating cost The greenhouse gas emissions in the course of operation will be reduced and the compliance risk arising from stricter policies will be mitigated The sustainability of the Group's operations will be improved, and its environmental management performance will be enhanced, thereby solidifying its market reputation and competitive advantages |
| Market | <ul style="list-style-type: none"> Actively developing new green and low-carbon products, expanding into new markets, and building relevant supply chains for customers, to contribute to decarbonisation and the low-carbon transition | <p>Medium and long term</p> <ul style="list-style-type: none"> The Group's revenue source will be expanded and its business presence will be further diversified To expand market share through innovative business initiatives By engaging with and introducing suppliers who have greater advantages in terms of environmental protection, technology and efficiency, and optimizing the supply chain structure constantly, the overall production efficiency and operation efficiency will be enhanced. To become an industry pioneer and build a strong reputation |
| Resilience | <ul style="list-style-type: none"> Engaging in renewable energy projects and implementing measures to improve energy efficiency Using alternative resources/ Diversifying resource sources | <p>Medium and long term</p> <ul style="list-style-type: none"> To enhance the diversity, stability and reliability of the supply chain, and improve the Group's resilience and ability to continue as a going concern under various environmental and operational conditions |

STRATEGIES TO ADDRESS CLIMATE-RELATED RISKS AND OPPORTUNITIES

Based on a preliminary assessment, the overall impact of climate change on the Group's strategy, business model and operations is relatively limited at this stage. The Group has implemented a number of initiatives to assess, monitor and review climate-related risks and opportunities, and integrated these initiatives into the business strategy formulation process, as well as reports the same to the Board on a regular basis, so as to comprehensively enhance the climate resilience along the value chain and the overall business operations, thereby strengthening its ability to address and adapt to these climate-related risks and opportunities.

In order to ensure service quality and maintain the reliability of our service platforms, the Group has formulated logistics guidance under severe weather conditions and established an extensive and close communication network with the logistics team to promptly respond and take actions according to the transportation conditions, so as to mitigate supply chain disruptions caused by climate-related physical risks and minimize the adverse impacts on business operations. In addition, the Group has put in place preventive and contingency measures, with protecting the safety of employees as the top priority. In particular, under severe weather conditions, we provide early warnings, reduce employee travels, and prohibit outdoor works, among others, to safeguard the health and safety of employees.

Climate Change-related Issues (continued)

To reduce the impact of its operations on the environment and climate change, the Group has formulated a number of internal policies, including the Energy and Resource Management System (《能源、資源管理制度》), the Office Civility Convention (《辦公樓文明公約》) and the Vehicle Management Measures (《車輛管理辦法》), with an aim to effectively control the Group's emissions and resource usage, and to minimize the impact of our operations on the environment and climate change. We have also actively promoted office automation and networking to improve overall operational efficiency, while further enhancing the sustainability of our business. For further details, please refer to the respective sections in the "Environmental Aspects".

Over the years, the Group has continuously innovated its service model for green supply chains, and actively transformed climate-related transition trends into opportunities for business development. As a new digital supply chain demonstration platform in the chemical and plastics sector in China, HSH has established the first digital cloud factory for recycled plastics in the industry based on the concept of green and low-carbon development, which connects upstream recycling resource providers, leading the industry's transition toward a circular economy. The Group's subsidiary, Zall Steel, has also actively responded to the national "Dual Carbon" strategy, by building a green and low-carbon supply chain network. It is committed to providing convenient, targeted and efficient carbon emission accounting and product carbon footprint quantification services for upstream and downstream partners, to promote the green transformation of the supply chain of the steel industry. For details on the Group's practical achievements in low-carbon business development, please refer to the "Sustainable Operation" section.

In the short, medium and long term, the Group has been well positioned, including ensuring adequate financial resources, human resources and relevant expertise, to respond flexibly to the dynamics in climate change and adjust its overall strategy and business model in a timely manner, so as to effectively manage and address various climate-related risks and opportunities. During the Reporting Period, we allocated financial resources to ESG consulting services, which effectively enhanced our ESG management capabilities and our ability to address climate-related matters. Currently, we are conducting an ongoing comprehensive assessment and systematic planning on the various resources and capital allocation required for climate-related matters. To further advance the low-carbon transition and enhance the Group's climate resilience, we are considering to gradually increase the capital expenditures on climate-related matters, and also continue to monitor and dynamically assess the potential impacts of climate change on the Group's business, finance and operations, as well as formulate and adjust the next action plans in a timely manner based on the assessment results. The measures we are considering to implement in enhancing supply chain management, optimizing green operations, promoting low-carbon business innovation and position management are set out below:

- We plan to replace gasoline-driven vehicles with electric vehicles in order to achieve our goal of greenhouse gas emission reduction, which may also result in changes in future capital expenditures.
- To effectively address climate-related risks, we plan to increase our investment in improving energy and water efficiency. In particular, over the next three years, we plan to increase the purchases of energy-efficient office equipment, such as LED lighting, to reduce energy consumption. Operational costs relating to climate change resilience or mitigation may also change, which may possibly lead to an increase in capital expenditure in the short term, but will reduce operating expenses in the long run.
- To align with the development trend toward a low-carbon economy, we plan to launch new low-carbon products. This will not only help meet market demand for sustainable solutions, but also may result in changes in revenue from these new products.
- We intend to formulate a new supplier selection process that incorporates their performance relating to climate resilience into the selection criteria, so as to identify qualified suppliers that meet the Group's low-carbon and sustainable development requirements and thus to further enhance the climate resilience of the value chain.
- We plan to reinforce the cooperation with existing suppliers to encourage them to adopt more initiatives for enhancing climate resilience, help them improve productivity, and to enhance their ability to cope with climate-related risks such as extreme weather.
- We plan to expand the roles and responsibilities of our existing employees to enhance the Group's ability to identify and address climate-related risks and opportunities, ensuring that climate change management is integrated into our day-to-day operational decision-making.

Climate Change-related Issues (continued)

GREENHOUSE GAS EMISSIONS DATA

Zall Smart Commerce regards the business sustainability as the core of its long-term development and is committed to integrating sustainability into its business operations, including establishing and monitoring climate-related metrics and targets. The Group's greenhouse gas emissions are calculated in compliance with international and national or regional standards, and measured in accordance with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol: Scope 2 Guidance jointly published by the World Resources Institute and the World Business Council for Sustainable Development. The measurement of greenhouse gas emissions covers the reporting scope of this Report and uses the selected methods and basis consistent with the scope of the Report. We calculate greenhouse gas emissions by accessing to relevant operational data within the scope of the Report. There were no significant changes in the methods, input and assumptions used in calculating the Group's greenhouse gas emissions as compared to the previous year. During the Reporting Period, the total amount and intensity of direct or indirect greenhouse gas emissions generated by the Group (calculated based on the total number of employees of the Group within the scope of the Report) were as follows:

| Greenhouse gas emission ^{9,10} | Unit | 2025 | 2024 | 2023 |
|---|---|------|------|------|
| Scope 1 ¹¹ | | | | |
| Transportation energy | tCO ₂ e | 58 | 62 | 86 |
| Scope 2 (location-based) ¹² | | | | |
| Electricity energy | tCO ₂ e | 270 | 311 | 498 |
| Total greenhouse gas emissions | tCO ₂ e | 328 | 374 | 584 |
| Greenhouse gas emissions intensity | tCO ₂ e/employee ¹³ | 0.39 | 0.39 | 0.55 |

During the Reporting Period, as we actively controlled the use of electricity and energy and continuously improved fuel efficiency, and benefited from the reduction in emissions from China's power grid, the total greenhouse gas emissions of the Group decreased by approximately 12% as compared to last year. The Group's direct greenhouse gas emissions (Scope 1) were mainly generated from the use of transportation fuels, while indirect greenhouse gas emissions (Scope 2) were mainly generated from office electricity consumption. Scope 2 greenhouse gas emissions accounted for approximately 82% of the total emissions. In order to reduce the Group's greenhouse gas emissions, we have implemented emission reduction measures at different levels targeting major emission sources, so as to reduce the Group's electricity consumption. Please refer to the section headed "Energy Consumption Management" for details.

⁹ As the figures are subject to rounding, the total is different from the sum of the figures presented.

¹⁰ The data covers direct and indirect greenhouse gas emissions primarily from the Group's offices in Shanghai, Changzhou, Shenzhen and Singapore. The calculation method of the corresponding emission figures and the emission factors used in the calculation are estimated according to "How to Prepare an ESG Report" and its attachment "Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong, the "Guidance on Accounting Methods and Reporting of Greenhouse Gas Emissions of Enterprises in Other Industries (Trial Edition) (工業其他行業企業溫室氣體排放核算方法與報告指南(試行))" published by National Development and Reform Commission of the PRC, "2022 Carbon Dioxide Emission Factors of Electricity" jointly published by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics of the People's Republic of China, "China Energy Statistical Yearbook 2023" published by the National Bureau of Statistics of the People's Republic of China, the grid emission factors published by the Energy Market Authority of Singapore, the "Sixth Assessment Report on Climate Change" published by the Intergovernmental Panel on Climate Change of United Nations (IPCC) and the "GHG Protocol Tool for Energy Consumption in China" published by the World Resources Institute.

¹¹ Scope 1: emissions directly generated from the business operations owned or controlled by the Group, including emissions generated from mobile source fuels.

¹² Scope 2: "indirect energy" emissions from the consumption of purchased electricity within the Group.

¹³ The number of employees within the scope of this Report is 844 for the Year, 965 in 2024, and 1,057 in 2023.

Climate Change-related Issues (continued)

GREENHOUSE GAS EMISSION REDUCTION TARGETS

Environmental protection has become the new mainstream of global government regulation and market development. China is currently striding towards sustainable and balanced development. According to President Xi Jinping's speech at the Climate Ambition Summit, China will increase its nationally determined contributions, adopt more powerful policies and measures, and strive to achieve the peak of carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060.

The Group actively responded to the emissions reduction advocacy of local governments and the national "dual carbon" policy, and intended to follow their climate commitments made under the Paris Agreement. To this end, we have set clear targets to reduce emissions, aiming to reduce Scope 1 and Scope 2 absolute greenhouse gas emissions within the scope of the Report by 3% by 2026 taking 2022 as the base year, including carbon dioxide (CO₂). In addition, we also ensure that the Group's greenhouse gas emissions meet the increasingly stringent regulatory requirements of local governments in or before 2030, and expect to achieve carbon neutrality in our operations by 2050. We have established a comprehensive ESG management framework to continuously track and monitor the progress towards our greenhouse gas emission reduction targets and to assess, as appropriate, whether any adjustment to these targets is necessary. During the Reporting Period, the Group's absolute Scope 1 and Scope 2 greenhouse gas emissions decreased by approximately 43% as compared to the baseline in 2022, which has fully demonstrated the Group's efforts and achievements in promoting sustainable development and addressing climate change.

Social Aspects

TALENT MANAGEMENT

STAFF COMPENSATION AND DISMISSAL, RECRUITMENT AND PROMOTION, WORKING HOURS AND LEAVES

The Group values talent and adheres to staff management principles of people-oriented, performance-driven, fairness, openness and impartiality. To attract and retain the best, the Group offers industry-competitive remuneration packages, and provides employees with on-the-job training and long-term development opportunities.

The Group complies with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Employment Act of Singapore and other applicable laws and regulations relating to recruitment, dismissal, working hours and holidays, and ensures that each procedure is legal and reasonable. These rules are fully reflected in the Group's Management Measures for Recruitment (《招聘管理辦法》), Employee Manual (《員工手冊》) and the policies on human resources, all of which are designed to ensure a healthy work-life balance for each employee. For departing employees, we also ensure that they receive their due benefits and compensation in accordance with the Employee Resignation Management System (《員工離職管理制度》).

Human Resources Management Mechanism

The Company Rules and Regulations (《公司規章制度》) established by the Group clearly define a human resources management mechanism with "value" as its core, and have set up a "3P" system, which comprises Value Creation System (Position), Value Return System (Payment), and Value Evaluation System (Performance). Through this system, our employees clearly recognize their goals and are provided pathways for enhancing professional skills and capabilities, thereby achieving better performance in the workplace. Also, our employees are able to gain recognition from the Company and fully capitalize on their potential to achieve mutual growth by closely aligning their personal growth with corporate development.

Value Creation System (Position) – Position Level Management

The Management Measures for Recruitment (《招聘管理辦法》) formulated by the Group outlines our recruitment principles, including the "three suitability" principle, the principle of openness, fairness and justice, and the principle of merit-based recruitment. The "three suitability" principle refers to the person who is best suited for the Company's values, job requirements and growth and development within the Company, which is designed to ensure that the people we recruit fit the Company's culture and business needs. The Group would recruit suitable employees through social recruitment, internal recruitment, campus recruitment and other channels, and publish all recruitment information on major recruitment platforms, when there are budgeted vacancies or personnel needs. In addition, the Group will select candidates according to processes and regulations, ensuring that job applicants have a fair chance of competition.

The Company Rules and Regulations (《公司規章制度》) established by the Group specify the matters relating to position level system, promotion process and conditions. The Company would comply with the specific requirements of different ranks and job promotions to conduct assessments as a basis for further promotion assessment and review. The Company would issue a promotion notice to relevant employees to confirm that the promotion has taken effect. The Employee Manual (《員工手冊》) and Employee Resignation Management System (《員工離職管理制度》) formulated by the Group also set out the principles and rules regarding resignation and dismissal. Employees should submit a written resignation application to the Company in advance, and hand over work matters in accordance with relevant regulations after approval by the Company. After the resignation procedures are completed, employees may apply for a certificate of resignation from the Company. If an employee seriously violates rules and disciplines, such as being absent from work continuously, the Company may dismiss them according to relevant regulations based on the disciplinary violation.

Value Return System (Payment) – Salary Management

In determining employees' remuneration by the management, the Group set up the Remuneration Management System (《薪酬管理制度》), which has optimized the structure of and the authority over staff salaries, clearly defined remuneration, quarterly performance bonuses and other terms, and standardized related approval process. The system has also comprehensively considered external economic conditions and industry pay levels, as well as the fairness, differences and competitiveness of the same position within the Company, with an aim to develop a fair remuneration system to attract and retain outstanding talents.

In addition, the Company Rules and Regulations (《公司規章制度》) standardize employees' attendance and leave management, work discipline and requirements relating to formal employment and resignation, etc. The Group adopts a five-day work system, and ensures reasonable working hours and leaves for each employee, including, among others, statutory holidays, marriage leave, maternity leave, prenatal tests leave, paternity leave, childcare leave, breastfeeding leave, annual leave and paid sick leave.

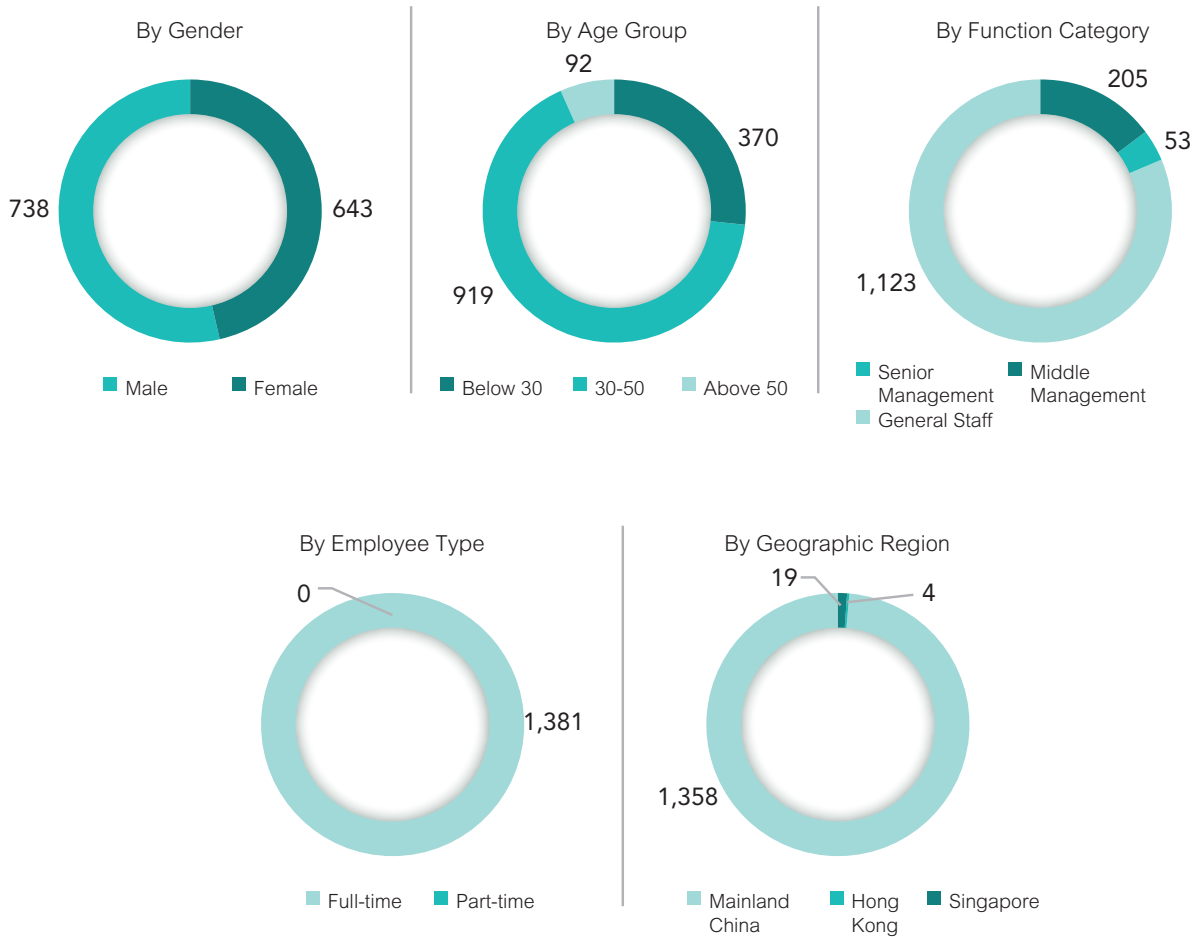
Social Aspects (continued)

Value Evaluation System (Performance) – Performance Management

In the Employee Manual (《員工手冊》), we combine annual and monthly assessments, and also establish tools for performance appraisal, to assess the performance of employees in all respects. The results thereof will then be considered in determining salaries and bonus, fully motivating employees to work actively. In addition, the Group also focuses on communication and guidance. After the performance appraisal is completed, the appraiser must promptly release the performance appraisal results to the appraisee, and provide guidance and interviews based on the actual situation to help them identify their shortcomings and thus to improve their performance. Besides, the Group has formulated a Performance Management Plan for Functional Staff (《職能人員績效管理方案》) and a Performance Management Plan for Operational Staff (《業務人員績效管理方案》), which clearly set out the directions and requirements for performance planning, guidance, evaluation and improvement, as well as determine the matters such as business accounting and job level evaluation.

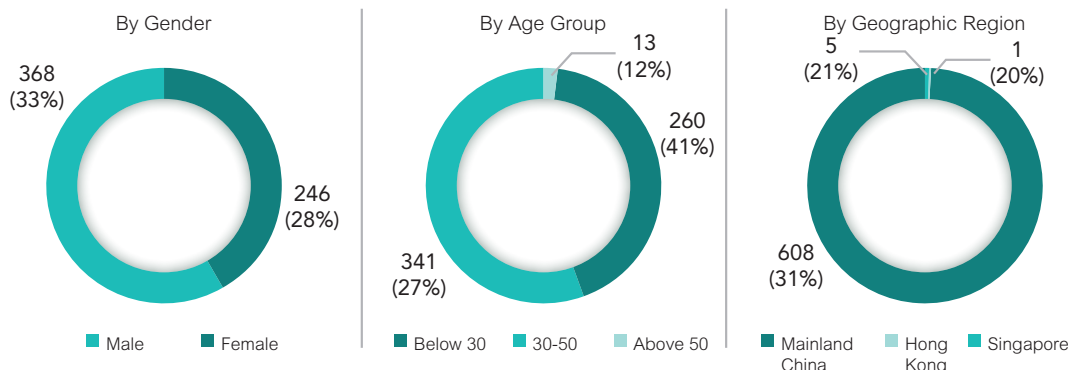
During the Reporting Period, the total number of employees of the Group was 1,381 (2024: 1,575; 2023: 1,655). The number of employees and turnover figures of the Group by category during the Reporting Period are as follows:

TOTAL NUMBER OF EMPLOYEES 1,381



Social Aspects (continued)

TOTAL NUMBER OF EMPLOYEE TURNOVER (TURNOVER RATE¹⁴) 614 (31%)



EQUAL OPPORTUNITIES, DIVERSITY AND NON-DISCRIMINATION

The Group advocates fair competition and encourages a diverse workforce. It does not discriminate or dismiss any employee due to race, gender, age or marital status. The Group has formulated its Management Measures for Recruitment (《招聘管理辦法》) and the Company Rules and Regulations (《公司規章制度》), which describes its principles of equal opportunity, diversity and non-discrimination. The Group's principle of equality applies to various aspects, including employees' recruitment and dismissal, probation, rest periods, equal opportunities, career development and promotion, as well as other benefits and welfare system. Established fair procedures and objective criteria are implemented in all these aspects to ensure that all employees and job applicants are treated fairly. The Group also provides a feedback mechanism to allow employees to report any defects regarding the principles of equal opportunity, diversity and non-discrimination. Such channels include regular seminars and interviews and e-mail communications, etc. After receiving feedback, management will assign personnel to investigate the matter in an objective, impartial, practical and realistic manner according to the situations. Reports on the investigation's progress will be made in a timely manner, and appeasement work will be done as appropriate. Furthermore, the Group has also established the Probation Management Measures (Trial Version) (《試用期管理辦法(試行版)》) to regulate the probation and formal employment management of its employees. The measures clarify relevant process and requirements, procedures and work responsibilities of relevant departments, so as to satisfy the needs of the Group for sustainability, while ensuring that every new employee would have equal opportunities and treatment.

Furthermore, in response to the requirements of the Corporate Governance Code of the Hong Kong Stock Exchange and the global ESG trends, the Group has formulated the Board Diversity Policy (《董事會成員多元化政策》), which aims to set out the Board's policies to achieve diversity. The Group will consider the diversity of Board members from various aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and service tenure.

The above management systems are in strict compliance with laws and regulations related to human resources, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China 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 People's Republic of China (《中華人民共和國工會法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》) and the Employment Act of Singapore. The Group maintains close contact with social security authorities, and cares about and protects the human rights, development and safety of employees.

During the Reporting Period, the Group had not identified any violation of laws and regulations related to employee compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

¹⁴ Turnover rate = Number of employees who left the Group in that category throughout the Year/the sum of total number of employees and the number of employees who left the Group in that category at year-end.

Social Aspects (continued)

HEALTH AND SAFETY

For the Group, it is our top priority to protect the health and safety of every employee. To create a healthy and safe work environment, we have developed a comprehensive health and safety policy, and put up posters and instructions on occupational safety. We provide physical check benefit for our employees, by making physical check arrangement for them annually. In addition, the Group also holds occupational safety meetings on a regular basis, sets the goal of “nil major safety incidents and diminishing general safety accidents”, and determines the person in charge of occupational safety, so as to continuously improve the occupational safety performance of the Group.

In terms of daily occupational health and safety affairs, the Group's supply chain management business does not involve high-risk jobs, and employees mostly work in the Group's offices and certain off-site locations. As such, the Group has established a Fire Contingency Plan (《消防應急預案》) to strengthen the fire safety awareness of office employees and standardise fire safety management of the Group. It also regularly inspects workplaces and conducts emergency fire drills. In order to more effectively cope with emergencies during fires, the Group has set up different action teams, including the fire-fighting action team, the communication liaison team, the evacuation guidance team and the safety protection and rescue team, which coordinate with each other with reference to the orders made by the headquarters. Besides, we have established a sound fire safety inspection process for all workplaces and office areas. Before leaving work, the administrative and human resources department shall check whether the sockets, computers, water dispensers, doors and windows in each department have been switched off or closed. If it is found that any electrical appliance, door or window is yet to be turned off or closed, the relevant person in charge shall be issued a warning and be required to rectify the situation. Those who violate the rules twice will be punished. In addition to routine fire inspections in office premises, the Group will regularly contact local fire control authorities to arrange fire drills to boost employees' awareness of crisis. At the same time, the Group's Company Rules and Regulations (《公司規章制度》) prescribe the safe environment management in offices. For example, obsolete and aging electrical appliances and wires will be reported and sent to technicians for repair to prevent danger. Since 2021, it has obtained GB/T 45001-2020/ISO 45001:2018 occupational health and safety management system certification covering prepackaged food, chemical products, steel sales, e-commerce and sales of ferrous commodities, development of computer applications and software and so on to ensure a safe working environment for employees.

In terms of projects, the Group and all its subsidiaries strictly follow the internal Implementation Guidelines on Construction Quality and Safety Management (《工程質量安全管理實施指引》) of the Group, which contains, among others, a quantitative evaluation form on project safety and occupational health management, along with the guidelines for behaviour management, standardised on-site management, accident emergency management, construction site safety management, and management and use guidelines of personal protective equipment. The Group also inspects the safety work of construction projects, such as whether smoke detectors are installed, regular maintenance of firefighting equipment is conducted and emergency lighting equipment is installed according to the requirements of building fire protection. Regulations of the Group on engineering management stipulate that employees must wear safety helmets when entering a construction site, and dangerous goods are prohibited from being brought into the construction site.

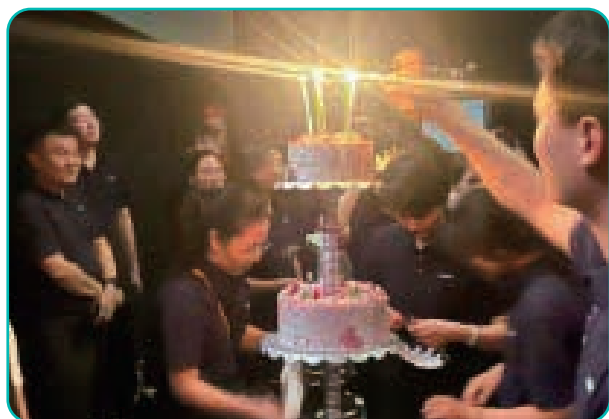
The Group has formulated Office Regulations (《辦公規範》) in the Employee Manual (《員工手冊》) in strict compliance with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》), the Workplace Safety and Health Act of Singapore, the Work Injury Compensation Act of Singapore and other relevant laws and regulations. These Regulations describe various office safety matters and contingency response measures, to protect the interests and physical and mental health of employees together with the abovementioned systems of the Group. During the Reporting Period, the Group had not identified any violation of laws and regulations relating to the provision of a safe working environment and protection of employees from occupational hazards.

Social Aspects (continued)

During the Reporting Period, the Group's data on work-related injuries and deaths in the past three reporting years are summarized as follows:

| | 2025 | 2024 | 2023 |
|--|----------|----------|----------|
| Number of work-related deaths | 0 | 0 | 0 |
| Percentage of work-related deaths | 0% | 0% | 0% |
| Number of work-related injuries | 2 | 0 | 0 |
| Working days lost due to work-related injuries | 134 | 0 | 0 |

Protecting the mental health of our employees is also an extremely important part of the Group's daily operations. The Group and its affiliated platforms regularly organize a variety of staff activities, such as sports campaigns, festival celebrations, handicraft workshops, etc., aiming to facilitate team building in a pleasant and harmonious way, enhance employees' sense of belonging to the Group, promote communication and enhance cohesion among them, as well as ease their work pressure. Through such measures, the Group is committed to creating a positive and healthy working environment where every employee is able to tap his/her potential.



Birthday Party



Winter Solstice Celebration

DEVELOPMENT AND TRAINING



The Group has formulated the Staff Education and Training System (《員工教育與培訓體系》), which, focusing on the development, position, business and other demand of the training targets, mainly uses internal training to provide training and development courses, including induction training for new entrants, professional development training, job skills training, management skills training and other trainings. The Group also organizes some external training activities from time to time to enable employees to absorb new industry knowledge and enhance their business skills. Moreover, we encourage employees to obtain professional certificates related to their posts by offering relevant subsidies. In addition, in order to further improve training quality, we have also established the Lecturer Management System (《講師管理制度》) to regulate the qualification requirements on lecturers as well as their selection and engagement process, and established a team of lecturers with in-house resources of the Company to cultivate more outstanding talents for the Group. These measures are designed to promote continuous learning and development of employees, and in turn enhance the core competitiveness of the Group.

The Group maintains a strict system of training attendance and record management. Training results are closely linked with career development, individual employees' performance appraisals, career promotions and salary adjustments, to record and monitor the effects of their training. After the completion of each training course, we will also review the learning effect and effectiveness of the course by questionnaire surveys and other means, so as to improve and adjust the subsequent training arrangements, thereby enhancing the training quality and effectiveness on an ongoing basis.

In addition, the Group has formulated the Employee Rotation Management Measures (《員工輪崗管理辦法》) to procure the trainees to optimize their knowledge structure, expand their horizons and improve their comprehensive qualities through job rotation training and learning, thereby realizing their full potential.

Social Aspects (continued)

During the Reporting Period, our training activities were all conducted offline, including corporate management training, compliance training, and product and operating process training, among others. During the Reporting Period, the Group's relevant data on training is as follows:

| | | 2025 | 2024 | 2023 |
|--|------------------------------------|-------|-------|-------|
| Training percentage¹⁵  | By gender | | | |
| | Male | 102% | 85% | 92% |
| | Female | 97% | 100% | 94% |
| | By position | | | |
| | Senior management | 87% | 62% | 70% |
| | Mid-level employees and management | 100% | 68% | 77% |
| General employees | 100% | 97% | 96% | |
| Average training hours¹⁶ (Hours/employee)  | By gender | | | |
| | Male | 40.65 | 38.19 | 41.55 |
| | Female | 38.76 | 45.00 | 42.65 |
| | By position | | | |
| | Senior management | 34.72 | 27.82 | 31.60 |
| | Mid-level employees and management | 40.00 | 30.65 | 34.77 |
| General employees | 39.96 | 43.78 | 43.45 | |

LABOUR STANDARDS ON PREVENTION OF CHILD OR FORCED LABOUR

The Group strictly prohibits labour exploitation and use of child labour, and strictly abides by all applicable labour laws, so that each and every employee is able to grow and develop in a fair and respectful environment. The Group has not employed child labour under the age of 16 in its business operations, and has a strict provision that no child labour shall be employed in any form. As a necessary part of our human resources policy, we will verify the age of employees before employment to ensure that all employees meet the legal age requirements. In addition, the Labour Contract (《勞動合同》) of the Group specifies that no forced labour shall be used by threats of violence or illegal restriction of personal freedom. We also regularly assign independent persons to thoroughly investigate suspicious indications of potential forced labour. If any incident of forced labour is identified, any employee who is involved in the substantiated forced labour may apply for financial compensation, and the employee(s) forcing others to work shall be subject to punishment or other legal consequences.

Our commitment to preventing child or forced labor is not limited to our own business operations. The Group has also popularised and extended these standards to suppliers, requiring them to comply with the same standards and prohibit the employment of any child labor or arrangement of any form of forced labor. Once discovered, we will conduct an investigation into the violation. The Group may terminate partnerships with suppliers if they were found accountable for such violations.

Our systems and rules relating to anti-child labour and labour exploitation are all in compliance with the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Regulations on Special Protection of Underage Labour (《未成年工特殊保護規定》), the Law of the People's Republic of China on the Protection of Minors (《中華人民共和國未成年人保護法》), the Regulations on the Prohibition of Child Labour (《禁止使用童工規定》), the Employment Act of Singapore and its ancillary Employment (Children and Adolescents) Ordinance and other regulations and requirements. During the Reporting Period, the Group had not identified any violation of applicable laws and regulations relating to the prevention of child labour and forced labour.

¹⁵ Percentage of employees trained = The number of employees trained during the Reporting Period/the number of employees at the end of the Reporting Period. The number of employees trained during the Reporting Period included those who have received training but have left the Company, therefore, the percentage of employees trained may exceed 100%.

¹⁶ Average training hours = Total number of training hours during the Reporting Period/total number of employees at the end of the Reporting Period.

Social Aspects (continued)

SUSTAINABLE OPERATION

BUSINESS PRACTICES

Sustainable Supply Chain Management

We attach great emphasis on sustainable supply chain management, with a view to improving efficiency and value of processes including sourcing, packaging, logistics and delivery. Our sound supply chain management system enables us to quickly source all kinds of quality, reasonably-priced and sufficient goods for supply globally to hundreds of thousands of customers in the Group's ecosystem. The stability and sustainability of a supply chain also depend on suppliers' business quality, supply performance and environmental and social management measures, which include carbon emissions in the supply chain, materials selection, and the rights and interests of suppliers' workers, among others. We have been improving supply chain management, including standardizing management elements, conducting risk assessment, establishing evaluation and access mechanisms for suppliers, and supervising other aspects of the product lifecycle, such as warehousing and logistics.

We also focus on the impact of our supply chain on neighboring environments and communities. During on-site due diligence, we will conduct on-site inspections of the enterprises' production and operations, including operation premises, office areas, production workshops, machine and equipment operating conditions, employees' working environment and social security payment status, environmental protection facilities and fire-fighting facilities, and relevant qualifications and licenses to assess the enterprises' performance on the compliance with laws and regulations relating to environmental protection, fire protection, labour rights and other aspects. During evaluation, any enterprises that do not comply with the requirements of national industrial policies, environmental policies, and regional development policies or that are included in the list of companies with eliminated production capabilities and without rectification before deadline will be rejected by the Group and any business dealings with them will be discontinued.

Green Procurement

The Group fully supports the national sustainability policies and concepts, and integrates environmental elements into supply chain management. We require our suppliers to furnish relevant environmental licenses, quality certificates and other proofs. In terms of logistics and transportation, we will consign goods to professional and qualified logistics companies to reduce emissions during transportation and promote green supply chain services. We also support green procurement in daily operations. The administrative department's staff will give priority to products that are environmentally friendly and energy-efficient, such as the items with low pollution and emission that are easy to recycle, durable, made of recycled materials, non-toxic and easy to decompose, and minimize the purchase of unnecessary items.

Supply Chain Quality and Risk Management

The Group's risk management centre has set up the Business and Product Management Method (《業務產品管理方法》) to standardize the requirements for the supplier management system, conduct screening of upstream suppliers for admission and establish a supplier management and review system to manage all suppliers. The Group has also established the Business Compliance Inspection and Management Measures (《業務合規檢查管理辦法》) to improve its risk prevention capabilities and risk management levels for ensuring the compliance of its business operations and management, and the effectiveness of risk management by means of compliance inspection based on the four principles of comprehensiveness, independence, flexibility and dynamic management.

Moreover, as the Group's subsidiaries have different operating models and product categories, each subsidiary has its own supply chain management system to manage all of its suppliers. Overall, we will conduct comprehensive background checks on suppliers and consult professional third-party credit databases to select those with outstanding products and business performance, formulate clear contract provisions to protect the rights and interests of the Group, regularly inspect the quality of incoming goods through spot checks, continuously monitor the performance of suppliers, update risk assessment results and take appropriate risk mitigation measures in a timely manner.

Social Aspects (continued)

Each subsidiary under the Group has a risk management department to review the results of due diligence on suppliers, gather complete supplier information based on the results of queries to third-party databases, and enter the supplier information into the subsidiary's credit evaluation model to calculate each supplier's credit score and feasible transaction limit. Finally, the head of the risk management department will determine the actual transaction limit for each supplier. In addition, the Group will closely monitor market price changes and margin ratios to ensure that upstream and downstream players perform their contracts on schedule. For customers with good trading track records and stable performance, the Group will offer them a grace period as appropriate after assessing their risk tolerance. Listed below are the supply chain management policies of our major subsidiaries.

Sinoagri

At Sinoagri, the supplier evaluation team has been effectively ensuring the quality and safety of agricultural products, and all suppliers must present a statutory Food Circulation Permit before obtaining online trading qualification. Following basic qualification review, the company carries out sampling inspection on sugar purchased in accordance with the national standard GBT317-2018 "White Sugar" and prepares a report thereon. The company will then perform a series of approval procedures on them to ensure that each supplier complies with the Group's supplier management policy. In addition, the company regularly evaluates and reviews the qualification of suppliers, and terminates partnership with unqualified suppliers.

Zall Steel

Zall Steel has formulated the "Supplier Management Measures (《供應商管理辦法》)" and established a comprehensive evaluation system for suppliers and customers to strictly control the risks of suppliers and product quality. Suppliers and customers with good performance will be admitted to the white list, and the company will regularly review the risk ratings of enterprises listed thereon. In addition, the company has specified matters such as supplier classification and grading standards, credit evaluation models and review criteria. The company also guides the suppliers to join the trading platform of Zall Steel, make the sale price of goods public and receive public supervision. In addition, we will strictly examine the price of each transaction on the platform to ensure that it remains consistent with the market price in order to avoid discrimination to the rights and interests of platform users.

HSH

HSH screens raw material suppliers in a strict manner and usually selects companies that have high market awareness, large size and stable product quality, or mid-to-large scale traders for procurement cooperation. As all products procured are up-to-standard chemical plastics manufactured by large plants, their quality is secured to a certain degree. Where a customer raises objections to product quality, the company will promptly coordinate and address. The company will also rate suppliers on a regular basis, and terminate the contract with any unqualified supplier.

During the Reporting Period, the number of suppliers of the Group by relevant geographic distribution changed as compared to the previous year, primarily due to the inclusion of CIC and Zall International Commerce in the scope of the Report. The number of suppliers does not include the large number of silkworm farmers.

| Region | 2025 | 2024 | 2023 |
|---------------------------------------|-------|-------|-------|
| China | | | |
| North China | 423 | 518 | 588 |
| Northeast China | 150 | 209 | 195 |
| East China | 6,402 | 6,120 | 5,014 |
| Central China | 439 | 455 | 478 |
| Northwest China | 182 | 173 | 170 |
| South China | 2,553 | 2,562 | 1,024 |
| Countries or regions other than China | 65 | 0 | 0 |

Social Aspects (continued)

Sustainable Business Development

In recent years, in response to the national “dual carbon” policy, the Group has launched a number of innovative measures focusing on green and sustainable development and digital supply chain construction, with an aim of continuously improving resource utilization efficiency, reducing environmental impact, and promoting the synergistic development of upstream and downstream sectors of the industry. In particular, we are working with partners in the industry to develop sustainable technologies and carbon reduction solutions in the supply chain to address current environmental challenges. For more details, please refer to the case below.

Case: Digital Cloud Factory for Recycled Plastics



As the constructor of the first digital cloud factory for recycled plastics in the industry, HSH has thoroughly practised the “dual carbon” strategy in recent years, by establishing a comprehensive digital management system covering the entire process of “collection – recycling – application”. Since the completion of the digital cloud factory in Liaoning in 2023, HSH has continuously expanded its presence across the country. Up to now, it has successfully replicated this model in Shandong, Jiangxi, Guizhou and etc., and established an end-to-end closed-loop plastic recycling system. Leveraging on the sorting and recycling technology, we transform plastic wastes into high-performance recycled materials and precisely integrate them into new product manufacturing processes. These materials have been successfully applied in multiple sectors, such as automotive exterior components and industrial turnover boxes, facilitating the efficient resource circulation and value appreciation within the industrial chain.

To further regulate green operations, HSH has developed the “Regulations on Green Procurement of Recycled Plastic Raw Materials” (《再生塑料原料绿色采购规范》) and established a supplier certification grading system. It has also arranged intelligent production and IoT monitoring platforms, actively promoted physical plastics recycling, and focused on developing low-carbon raw materials. Up to now, the cloud factories have successfully connected over 300 upstream recyclers and served more than 900 downstream enterprises.

Social Aspects (continued)

PRODUCT RESPONSIBILITY

Product Health and Safety Management

The Group has established a systematic framework for quality management, with the purpose of improving product quality as well as health and safety, to set up processes in relation to quality management and control as well as risk management and improve product consistency and reliability, so that customers could be provided with products meeting standards and requirements. In addition, the Group has obtained the GB/T 19001-2016/ISO 9001:2015 quality management system certification, covering prepackaged food, chemical products, steel sales, software development, e-commerce platform for agricultural products, e-commerce and sales of ferrous commodities, computer applications and other areas. This system and related certifications are not only helpful to improve the quality performance of the Company, but also can enhance customers' confidence in its products and services and protect their health and safety.

Sinoagri

The quality management system established by Sinoagri has obtained ISO9001 certification, and passed relevant international standard certifications in respect of prepackaged food sales, software design and development and agricultural products information services. Since agricultural products traded online (mainly sugar) involve food safety risks, we are particularly concerned with product health and safety issues, and undertake to assume responsibility for the safety of such products. Although the sugar provided by upstream suppliers has reached national standards, the Group conducts at least two tests on the sugar to further improve food safety before the goods are delivered to customers, so as to ensure that the sugar meets national standards and contains no harmful impurities. Moreover, the Group's headquarters in Shenzhen conducts random spot checks every month. So far, no major quality problems have been found.

Zall Steel

Zall Steel has established a quality management system, which has obtained the ISO9001 certification, covering e-commerce of ferrous commodities (steel), sales of ferrous commodities and computer applications and software development and etc.. The steel itself comes with a warranty, and each coil of rolled plate has a coil number which can be traced to the manufacturer from the upstream supplier. Although Zall Steel does not directly participate in product quality inspections, it will entrust a third-party warehouse to examine the number of pieces, weight, material, model and quality of the products and put them into storage if no inconsistency is identified. If concerns about the quality of the steel being sold are raised, Zall Steel will compensate the customer for loss following the authentication by a third-party institution, and then claim compensation from the supplier. The Company tracks market price movements and market trends on a daily basis to ensure that the steel price and quantity on the platform are reasonable and meet market demands.

HSH

Chemical plastic materials and finished products are found in all walks of life. As such, the Company has rigorous restrictions on suppliers and sourcing channels, and requires strict performance of contracts in respect of product performance, standards and designations to ensure product quality from all aspects. Upstream suppliers of HSH must be large manufacturers, whose products shall meet national and market standards, and which maintain long-term partnerships with professional logistics companies. As for now, no major quality or transportation safety issues have been identified by HSH. Product quality inspection is completed by customers. If there is any quality issue raised, the Company will report it to the upstream supplier, and the supplier will re-examine the product concerned and issue an investigation report.

During the Reporting Period, none of our products were subject to recall for health and safety reasons, and we did not receive any complaint on our products and services. To provide high-quality products for customers, we strictly implement all quality assurance procedures. Should any product issue arise (for example, a product recall), we have established a set of procedures to address product issues raised by customers. For details, please refer to the "Service Complaints" section. In addition, we provide multiple channels for customers to contact us so that we provide solutions in a timely manner.

Social Aspects (continued)

Service Complaints

The Group has formulated the Customer Service Management Measures (《客戶服務工作管理辦法》) which specifies work processes, mechanisms and principles relating to customer service, so that deficiencies could be identified through customers' inquiries, complaints and suggestions, thereby improving product quality and enhancing its reputation and recognition. In addition, where customers encounter any problems during transactions, the Group has a 24-hour customer service centre to provide online consulting services. In each region, there is a regional account manager who provides face-to-face assistance and problem solving services for customers. In case of customer complaints, the operation department will collect and record them, assist in investigating the causes of complaints, inform each complainant of the investigation process, and follow up with how the complaints are handled and the outcomes thereof, so as to ensure that the customer is satisfied and the complaint handling process is unbiased, fair and open. During the Reporting Period, the Group had not identified any violation of laws and regulations related to product health and safety and service complaints.

MARKETING ETHICS

Advertising and Labelling

To maintain mutual trust and sincere business relations with customers, the Group strictly follows up on the marketing, advertising and sales activities of its subsidiaries to ensure that its products and services are described in a legal, fair and honest manner. All formal advertising and publicity activities must be approved by the managers of public relations departments of the Group or its subsidiaries. We strictly prohibit the use of any false, misleading or deceptive means for publicity. The Group understands and emphasises the importance of business reputation, and is in strict compliance with the requirements of laws and regulations including the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), Interim Measures for the Trading of Commodities and Services Through the Internet (《網絡商品交易及有關服務行為管理暫行辦法》) and the Service Norms for Third-party E-commerce Transaction Platforms (《第三方電子商務交易平台服務規範》). During the Reporting Period, the Group did not identify any violation of laws and regulations related to product advertising and labelling.

Data Privacy Protection

The Group attaches great emphasis on the protection of personal information, including the personal and corporate data of employees, customers and suppliers, and understands that effective data privacy protection measures can guarantee its honest operation and the healthy development of customer relations. We will sign confidentiality agreements with customers, and never transfer or disclose customer information without consent. The Group has developed a sound data privacy protection system featuring hierarchical management over the access, viewing and modification of data in the data system with clear administration authorities among relevant employees, and built up an information database protected by multiple passwords and firewall to ensure the security of private information. At the same time, the Group has signed confidentiality agreements with its employees to ensure that employees abide by their confidentiality obligations during and after their employment and protect the technical, commercial, management and other information of the Group and its customers. Furthermore, the personal data of all employees, customers and related parties are protected by the General Principles of the Civil Law of the People's Republic of China (《中華人民共和國民法通則》), the Personal Information Protection Law (《個人信息保護法》) and other laws and regulations that protect the right to use and privacy of personal data. During the Reporting Period, the Group had not identified any violation of laws and regulations related to data privacy.

Intellectual Property Rights

In 2025, the Group has 488 intellectual property rights, including 114 authorised patents, 167 trademarks, and 207 software copyrights. Intellectual property is essential to us. The Group respects and protects intellectual property rights to support fair competition and enhance economic and social benefits. The Group has established the Management Measures for Patents (《專利管理辦法》) to protect its unique R&D achievements. Once we find any infringement of the Group's patents, we will request the infringer to make compensation or pay royalties for the use of our intellectual property. If the case is serious, the Group will hold the infringer accountable by legal means to protect the legitimate rights and interests of the Company. In addition, we require all employees to protect tangible and intangible assets. In using others' R&D achievements, authorisation must be obtained, otherwise the employees involved will be punished.

Social Aspects (continued)

ANTI-CORRUPTION

Corporate Principles of Honesty and Integrity

Since its inception, Zall Smart Commerce has incorporated “stability and credibility” into its core values, striving to build a clean, fair and transparent corporate ecosystem.

By formulating the Employee Manual (《員工手冊》), the Administrative Provisions for Supervision (《監察工作管理規定》), the Administrative Measures for Acceptance of Gifts and Cash by Employees (《員工收受禮品禮金管理辦法》), the Measures for Handling of Employee Disciplinary Offences and Violations (《員工違紀違規行為處理辦法》), and the Administrative Measures for Declaration of Conflicts of Interests (《利益衝突申報管理辦法》), the Group regulates the behaviours and disciplinary standards of its employees in the areas of project management, personnel management, administrative management and financial management, and reviews such regulations on a regular basis to ensure that they are designed in compliance with national and industry standards. The Group fully complies with relevant national laws and regulations including the Supervision Law of the People’s Republic of China (《中華人民共和國監察法》), the Regulations of the People’s Republic of China for Suppression of Corruption (《中華人民共和國懲治貪污條例》), the General Rules of the Civil Law of the People’s Republic of China (《中華人民共和國民法總則》), the Criminal Law of the People’s Republic of China (《中華人民共和國刑法》), the Anti-money Laundering Law of the People’s Republic of China (《中華人民共和國反洗錢法》), the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) and the Prevention of Corruption Act of Singapore. The Group also established a Discipline Supervision Committee and the Compliance Monitoring Center under its supervision, which are responsible for overseeing and reviewing the compliance with the policies, standards and other systems of the Group, building a compliance monitoring system, conducting anti-corruption education, handling reports and complaints, and dealing with disciplinary cases, incorporating anti-corruption and integrity policies into the Group’s management systems, which has demonstrated the Group’s operational principles for practising honesty and integrity.

The Group strictly abides by the anti-corruption and anti-bribery principles, and strictly prohibits employees from using illegal means, including but not limited to conspiracy, misappropriation, theft, money laundering, collusion, extortion and corruption, to seek illegitimate personal interests and harm the legitimate economic interests of shareholders and the Company, or seek illegitimate economic interests for the Company while bringing illegitimate benefits to individuals, as well as seek for any form of personal gains or cause losses to others. The Group strictly implements employee discipline supervision, focusing on reviewing its purchases of assets, bidding, engineering construction, personnel management, investment attraction, reimbursement, and receipt of gifts and gift money, and supervising personnel in key positions, so as to strengthen the development of the anti-corruption and anti-fraud system. In particular, all employees must declare their personal interests before joining the Company or when participating in procurement and other key business processes in accordance with the Administrative Measures for Declaration of Conflicts of Interests (《利益衝突申報管理辦法》), so as to avoid conflicts of interest.

Before joining the Group, every employee must sign the Integrity Agreement (《廉潔協議書》), which regulates employees’ disciplinary behaviors by including strict prohibition on the receipt of kickbacks and rebates, cash gifts, red pockets, negotiable securities, valuables and property rights, etc. given by partners. We expect that by signing this legally binding agreement, employees can understand and comply with the integrity requirements of the Group, to prevent professional ethics risks and protect the legitimate rights and interests of the Group and its employees. In order to maintain a clean and self-disciplined working environment, the Group has also signed the “Cooperation Agreement with Integrity” with its partners to maintain a fair and impartial trading environment and prevent the occurrence of business bribery and other misconducts.

During the Reporting Period, the Group had not identified any violation of applicable laws or regulations relating to bribery, extortion, fraud and money laundering and no concluded legal case regarding corrupt practices was brought against the Group or its employees.

Social Aspects (continued)

Anti-corruption Training

During the Reporting Period, the Group organized anti-corruption training courses covering a number of topics for its directors and employees, with a total of 1,373 employees participating. These trainings aimed to enable employees to fully understand the Group's integrity requirements and remind them to maintain a high standard of ethical conduct. For example, in the integrity culture seminar themed "Practicing Compliance with Integrity", we provided detailed introductions to the anti-corruption laws and regulations in Mainland China, the Group's anti-corruption monitoring system and rules, case studies on bribery, reporting methods and etc. By screening the promotional videos on integrity and analyzing the actual cases of violations, we also vividly elaborated how employees put into practice the principles of integrity and self-discipline in their daily work and strictly adhered to professional ethics. After the end of training, the Group will arrange employees to sign the Integrity and Self-Discipline Pledge (《廉潔自律承諾書》), which contains five key codes of conduct, namely the strict prohibition on commercial bribery and tunneling, strict implementation of financial management systems, avoidance of conflicts of interest, ensuring fairness and transparency in performing duties, and proactive acceptance of the constraints from supervision mechanisms. Training materials will be uploaded to the Intranet, so that employees can have access to and learn the materials at all times to enhance their awareness of integrity and anti-corruption. In addition, the Group also offers online compliance training to enable employees to study anytime, anywhere. Such trainings helped employees to thoroughly understand the legal norms and internal policies on anti-corruption, which not only improved their compliance awareness, but also enhanced their ability to identify and fight against corrupt practices at work. Through these trainings, the employees have established good professional habits and ethical concept, promoting the cultivation of integrity culture across the Group, and ensuring the long-term development of the organization. In the future, Zall Smart Commerce will further deepen the compliance culture of "Transparency, Integrity and Honesty", by launching anti-corruption classes and other events on an ongoing basis and providing guidance in establishing the awareness of clean business practices, to promote the compliant, healthy and sustainable development of the organization.



2025 Integrity and Compliance Seminar
Themed "Practicing Compliance with Integrity"



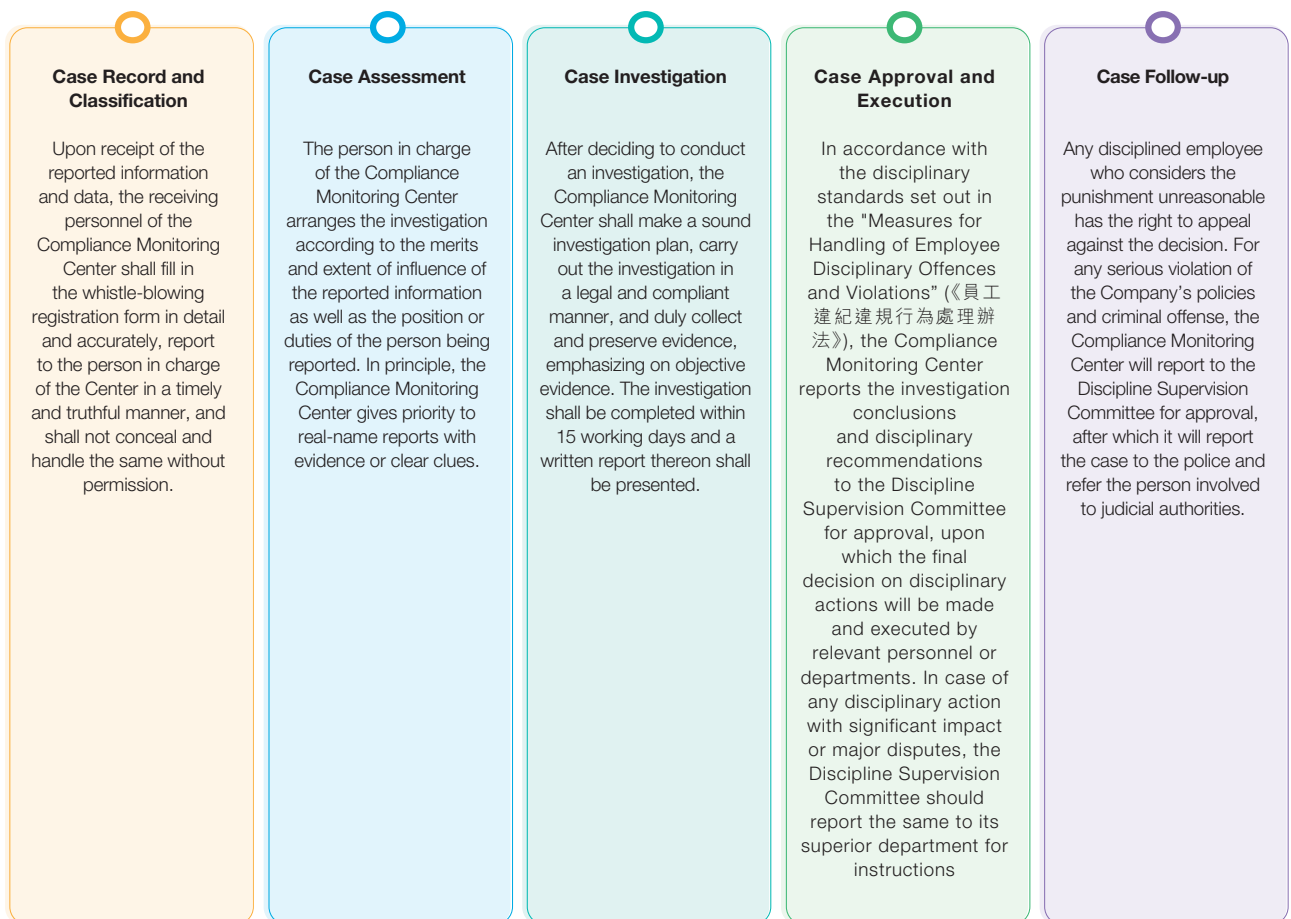
Online Special Training on Compliance Monitoring

Social Aspects (continued)

Whistle-blowing System

To strengthen the Group's integrity building, we actively promote the establishment of a reporting mechanism for disciplinary offences and violations, ensuring that information reported by internal employees and external partners is responded effectively. The Group has developed the "Regulations on Reporting Management" (《舉報管理規定》), to provide employees within the Group and its subsidiaries, suppliers, partners, and the informants concerned with clear reporting channels, allowing them to directly report any illegal acts or non-compliant incidents, if any, to the Compliance Monitoring Center of the Group.

The Group adheres to the policy of "defending the bottom line, not stepping on the border and never relenting upon thorough investigation", and with independence and principle as the two major supervisory principles, comprehensively supervises and checks all its business and management activities, as well as investigates and deals with violations of regulations and disciplines. The Integrity Agreement signed by each employee before joining the Group also stipulates that the employee shall actively assist in investigating the violations of regulations and disciplines by the Group's Compliance Monitoring Center. In general, the Group will handle reported cases according to the following investigation procedures.



The Group's policy clearly stipulates the protection of whistle-blowers to ensure they are treated fairly and to prevent them from suffering unfair dismissal, harm or unreasonable disciplinary action. The Compliance and Monitoring Centre and relevant departments will maintain strict confidentiality regarding the whistle-blower's personal information and the content of the report. Without the permission of the head of the Compliance and Monitoring Centre, no one may access, copy or disclose the reported data and the investigation contents.

Social Aspects (continued)

COMMUNITY INVESTMENT

Zall Smart Commerce Group, since its establishment, has recognised public welfare and social responsibility as the cornerstone for continuous corporate growth while exploring innovative business models and developing and expanding business scale, and proactively participated in public welfare undertakings. It rolled out a variety of public welfare projects in fields such as environmental protection, charity donation, rural revitalization and community contribution to practice the social responsibility of private enterprises.

ENVIRONMENTAL PROTECTION

We focus on green development, and actively engage in environmental conservation, striving to build a sustainable future. Since 2015, the North Hankou party committee, the party branch and the industry chamber of commerce under Zall Smart Commerce have regularly organized tree planting activities for employees and party members as well as merchants during the Arbor Day every year. Participants dug the soil with shovels, planted seedlings, built earthen embankments, and carried water for irrigation, taking the concept of green development into practical actions. Nearly a hundred party members and merchants actively participate in the event every year, planting more than a hundred green saplings to add green vitality to the earth.



The Arbor Day Activity of “Embracing A New Beginning
Toward the Future-2025 Joint Construction of Commercial Oasis at North Hankou”

CHARITABLE DONATION

We are actively committed to public welfare undertakings, providing assistance to those in need and giving back to society, so that every member of the community can feel warmth and kindness. The Group and its platforms have carried out various donation and charitable activities on an ongoing basis, aiming to create a positive impact on society and promote social harmony and development. During the Reporting Period, we provided the targeted assistance to promote rural revitalization in Futian District, Shenzhen in 2025, and engaged in the “Hand in Hand, Heart to Heart” campaign organized by the Futian Warmth Project Fund of Shenzhen Employees Development Foundation, as well as made donations. We also cooperated with the Singaporean social enterprise “Project Dignity” in organizing cooking activities and donated food to the organization. “Project Dignity” provides diversified training platforms to help the disadvantaged groups acquire skills, become self-reliant, and contribute to society. In addition, we made a donation to the Shanghai Charity Foundation to fulfill our social responsibilities.

In addition, since 2019, North Hankou under the Group, has organised charity blood donation activities for seven consecutive years, in which employees, merchants and people from nearby communities participated to fulfill their social responsibility and commitment. During the Year, a large-scale charity blood donation event took place at North Hankou Branded Clothing City, which secured the supply of blood for clinical use through practical actions, and brought hope for lives to those in need, as well as conveyed warmth and compassion to the society.

Social Aspects (continued)

RURAL REVITALIZATION

We fully support the nation's rural revitalization strategy by actively leveraging our business strengths to continuously assist in the development of standardized industry, so as to accelerate the pace of rural revitalization. By building a digital supply chain platform and introducing specialized production-financing services, the Group is committed to helping farmers improve the efficiency of cultivation, livestock farming and sales, to advance agricultural industry development, and drive significant income growth for farmers. In particular, Sinoagri provides an integrated service system for sugarcane cultivation that encompasses production-financing support, technical guidance, central procurement of agricultural materials, and sugarcane seed supply, covering over 15 counties and benefiting more than 2,000 farmers. Moreover, the "Huizhubao" (惠猪宝) platform offered by Sinoagri combines supply chain services with low-carbon digital farming to ensure that farmers have efficient and reliable access to essential farming materials, thereby alleviating their short-term purchasing pressure for feed and animal protection products. The platform integrates core data management and analysis functions, including feed procurement, real-time inventory, smart sales, market price analysis and online veterinary consultation, optimising the farming environment and conditions and providing support to farmers in all respects.

COMMUNITY BUILDING

We are committed to enhancing the resilience and vitality of our communities to support high-quality economic and social development. Since 2010, the Group has held the large-scale Wuhan (North Hankou) Commodities Fair ("Hankou Fair") for 16 consecutive years, which attracted tens of thousands of businessmen, making contributions to the development of the regional economy as well as the promotion of consumption and prosperity. Themed by "Smart Connection • Global Trade (智联世界 • 贸通天下)", this year's Hankou Fair covered artificial intelligence, the low-altitude economy, future industries, high-end manufacturing and other key sectors. A series of events, including supply chain investment promotion conferences and new product launch events, have been held during the Fair. This Hankou Fair placed a strong emphasis on livelihood consumer goods, and nine market exhibition zones simultaneously launched the "Shopping at the Hankou Fair" campaign, offering more than a thousand high-quality products sourced from domestic and international suppliers, and covering homologous food, hotel supplies, coffee and tea beverages, automobiles, hardware, textiles and apparel, and international flowers, among others. Visitors could not only purchase a variety of imported flowers, coffee and other featured products globally, but also could participate in interactions such as robot latte art and AI tea brewing, experiencing the joy of integrating technology with daily life. This Hankou Fair not only attracted domestic and overseas merchants and citizens to participate, gave strong impetus to market consumption, but also fostered trade co-operation and comprehensively demonstrated Wuhan's latest achievements in the areas of commerce, trade and logistics, as well as digital trade.

Highlights of This Year's Hankou Fair Attracting Investment at the Fair, Boosting Trade through Exhibitions, and Promoting Industries by Trade

Fair Scale

Scale hitting a new record, total exhibition area of **190,000** square meters

1 main exhibition area + **9** major market exhibition areas

Participation Profile

5,000+ Domestic and Overseas Exhibitors

200,000+ Participants

Achievements of the Hankou Fair

6 Economic and Trade Forums + **100** Trade Events

1,000+ Cooperation Projects Secured

Total Transaction Value Online and Offline **Exceeded RMB180 billion**

Awards and Honours

| AWARDED ENTITY | AWARDS AND RECOGNITIONS | ISSUING INSTITUTION OR AUTHORITY | NATURE |
|---|--|--|-----------------------|
| ZALL SMART COMMERCE GROUP LTD. | National Grade 5A Supply Chain Service Provider | China Federation of Logistics and Purchasing | Industrial honour |
| | 2025 Top 500 Private Enterprises in China – No. 46 | All-China Federation of Industry and Commerce | National honour |
| | China's Top 500 Enterprises – No. 164 | China Enterprise Confederation, China Entrepreneurs Association | National honour |
| | Fortune China 500 – No. 160 | Fortune magazine | Listed company honour |
| | ESG Model Enterprises in the Yangtze River Economic Belt (Hubei Region), China | Jiupai News of Changjiang Daily, Wuhan Academy of Social Sciences, Wuhan Federation of Industry and Commerce, the State-owned Assets Supervision and Administration Commission of Wuhan Municipal, and CSR Cloud Institute | Regional Honour |
| | 2025 Outstanding Industrial Internet Platform in the Supply Chain Services Ecosystem | 10000link.com, and the Center for Strategic Management of Supply Chains at Renmin University of China | Industrial honour |
| | 2025 Top 100 Private Enterprises in Hubei – No. 1 | Hubei Federation of Industry and Commerce | Provincial honour |
| | 2025 Top 100 Enterprises in Hubei – No. 3 | Hubei Enterprise Confederation, and Hubei Entrepreneurs Association | Provincial honour |
| | 2025 Leading Industrial Internet Enterprises in China | B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Industrial AI Society (產業AI社) | Industrial honour |
| | 2025 Stable-Operating Listed Companies | Co-organized by SEEC and Hexun | Listed company honour |
| “Enterprises of the Year with New-Quality Productivity” of the Guruclub Awards 2025 | Gelonghui | Listed company honour | |
| North Hankou Group Ltd. | Member of China Commercial Market Digital and Intelligent Development Alliance | China Commercial Market Digital and Intelligent Development Alliance (中國商貿市場數智發展聯盟) | Industrial honour |
| | National Party Building Liaison Point for Small and Micro Enterprises, Individual Businesses and Specialized Markets (國家級「小個專」黨建工作聯繫點) | The State Administration for Market Regulation | National honour |
| | 2024 National Demonstration Markets for Digital and Intelligent Development in Commodity Trading (2024年度全國商品交易市場數智化發展示範市場) | China Market Association | Industrial honour |
| | Top 100 Commodity Markets in China – No. 3 | Chinese Academy of Social Sciences Evaluation Studies | Industrial honour |
| | Grade-A E-commerce Live Streaming Cluster in Wuhan | Wuhan E-Commerce Association | Industrial honour |
| | The “Mulan Pioneer” Team of the Year 2025 (2025年度「木蘭先鋒」團隊) | The Organization Department of the Huangpi District Committee of Wuhan, Social Work Department of the Huangpi District Committee of Wuhan | Industrial honour |

Awards and Honours (continued)

| AWARDED ENTITY | AWARDS AND RECOGNITIONS | ISSUING INSTITUTION OR AUTHORITY | NATURE |
|--|--|---|-------------------|
| ZALL SMART COMMERCE (WUHAN) RESEARCH INSTITUTE CO. LTD. | Hubei Data-driven Enterprise (Data Technology Enterprise) | Hubei Provincial Data Bureau | Provincial honour |
| SHANGHAI SUSHENG E-COMMERCE CO., LTD. | 2025 Shanghai SME-sized Technology Enterprises | Shanghai Science and Technology Commission | Municipal honour |
| | The First Batch of Digital Commerce Enterprises in Shanghai – Data Application-driven Digital Commerce Enterprises | Shanghai Municipal Data Bureau | Municipal honour |
| SHANGHAI SULAI INFORMATION TECHNOLOGY CO., LTD. | Outstanding Industrial Internet Enterprises in Shanghai | Shanghai E-Commerce Industry Association | Municipal honour |
| | National Representative Service Cases of Shanghai Productive Services Industry | Shanghai Association for the Promotion of Productive Services Industry | Municipal honour |
| | 2025 Leading Industrial Internet Enterprises of China | B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Industrial AI Society (產業AI社) | Industrial honour |
| | 2025 Top 500 Services Enterprises in China – No. 263 | China Enterprise Confederation, China Enterprise Directors Association | Industrial honour |
| | 2025 Top 100 Industrial Digital Enterprises | www.2b.cn (托比研究院) | Industrial honour |
| | 2025 Top 100 Enterprises in Shanghai – No. 71 | Shanghai Enterprises Federation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations | Municipal honour |
| | 2025 Model Enterprise Cases of Low-Carbon Supply Chain in Shanghai | Shanghai Supply Chain Development Promotion Association | Municipal honour |
| | "Top 60 Companies in the Deep Value Chain" of the 2025 KiloPeaks Awards (千峰獎) | Ebrun (億邦動力) | Industrial honour |
| | Top 100 Service Enterprises in the Yangtze River Delta in 2025 – No. 95 | Shanghai Enterprises Confederation, Shanghai Entrepreneurs Association, Jiangsu Enterprises Confederation, Zhejiang Enterprises Confederation and Anhui Enterprises Confederation | Regional honour |
| | "Leaders of Industrial Value Chain" Enterprise in 2025 | Shanghai Municipal Economic and Information Technology Commission | Industrial honour |
| | 2025 Top 100 Industrial Internet Enterprises of China | B2B Insider (B2B內參), Industrial AI Society (產業AI社), Industrial Internet Vision (產業互聯網大視野) | Industrial honour |
| | Excellent Enterprise Cases in Practicing Green and Low-carbon Development in 2025 | China Enterprise Confederation, China Enterprise Management Science Foundation | Industrial honour |
| The Commodities Intelligence Center Pte. Ltd. ("CIC") | 2025 Best Market Intelligence Research Award in Singapore | APAC Insider: Asia-Pacific Business Insights (APAC Insider 亞太商業洞察) | Industrial honour |
| | "Top 30 Enterprises Expanding Overseas" of the 2025 KiloPeaks Awards (千峰獎) | Ebrun (億邦動力) | Industrial honour |
| | 2025 Top 100 Industrial Internet Enterprises of China | B2B Insider (B2B內參), Industrial AI Society (產業AI社), Industrial Internet Vision (產業互聯網大視野) | Industrial honour |

Awards and Honours (continued)

| AWARDED ENTITY | AWARDS AND RECOGNITIONS | ISSUING INSTITUTION OR AUTHORITY | NATURE |
|--|---|---|-------------------|
| SHANGHAI ZALL STEEL E-COMMERCE CO., LTD. | Production-Financing Services Base of "Strengthening Resources to Support Enterprises" of Shanghai Futures Exchange | Shanghai Futures Exchange | Municipal honour |
| | 2025 Leading Industrial Internet Enterprises of China | B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Industrial AI Society (產業AI社) | Industrial honour |
| | 2025 Top 500 Services Enterprises in China – No. 288 | China Enterprise Confederation, China Enterprise Directors Association | Industrial honour |
| | 2025 Top 100 Industrial Digital Enterprises | www.2b.cn (托比研究院) | Industrial honour |
| | 2025 Top 100 Enterprises in Shanghai – No. 77 | Shanghai Enterprises Confederation, Shanghai Entrepreneurs Association, Shanghai Federation of Economic Organizations | Municipal honour |
| | 2025 Model Enterprise Cases of Low-Carbon Supply Chain in Shanghai | Shanghai Supply Chain Development Promotion Association | Municipal honour |
| | "Top 60 Companies in the Deep Value Chain" of the 2025 KiloPeaks Awards (千峰獎) | Ebrun (億邦動力) | Industrial honour |
| | Top 100 Private Service Enterprises in the Yangtze River Delta in 2025 – No. 52 | Shanghai Enterprises Confederation, Shanghai Entrepreneurs Association, Jiangsu Enterprises Confederation, Zhejiang Enterprises Confederation and Anhui Enterprises Confederation | Regional honour |
| 2025 Top 100 Industrial Internet Enterprises of China | B2B Insider (B2B內參), Industrial AI Society (產業AI社), Industrial Internet Vision (產業互聯網大視野) | Industrial honour | |
| SHANGHAI ZALL STEEL TECHNOLOGY CO. LTD. | 2025 Shanghai SME-sized Technology Enterprises | Shanghai Science and Technology Commission | Municipal honour |
| SHENZHEN SINOAGRI E-COMMERCE CO. LTD. | Key Leading Enterprises of Agricultural Industrialization in China | Shenzhen Top Brands Evaluation Committee | Industrial honour |
| | 2025 Leading Industrial Internet Enterprises of China | Shenzhen Futian Federation of Trade Unions, Shenzhen Employees' Development Foundation | Industrial honour |
| | 2025 Top 500 Services Enterprises in China – No. 195 | China Enterprise Confederation, China Enterprise Directors Association | Industrial honour |
| | 2025 Top 100 Industrial Digital Enterprises | B2B Insider (B2B內參), Industrial Internet Vision (產業互聯網大視野), Academy of Industrial Internet Innovation (產業互聯網創新研究院) | Industrial honour |
| | "Top 60 Companies in the Deep Value Chain" of the 2025 KiloPeaks Awards (千峰獎) | Guangdong Enterprise Confederation (廣東省企業聯合會), Guangdong Entrepreneurs Association (廣東省企業家協會) | Industrial honour |
| | 2025 Top 100 Industrial Internet Enterprises of China | Shenzhen Enterprise Confederation (深圳市企業聯合會), Shenzhen Entrepreneurs Association (深圳市企業家協會) | Industrial honour |
| Shenzhen Zhifeng Logistics Technology Co., Ltd. (深圳市智蜂物流科技有限公司) | National Grade 4A Logistics Enterprise | China Federation of Logistics and Purchasing | Industrial honour |

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| Part C: “Comply or Explain” provision | | Section |
|---|--|---------------------------------------|
| Subject Area A — Environmental | | |
| Aspect 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 emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Emissions Management |
| KPI A1.1 | The types of emissions and respective emissions data. | |
| KPI A1.2 | Deleted on 1 January 2025 | – |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Emissions Management |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | |
| 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. | |
| Aspect A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Resource Use |
| KPI 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). | |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer’s significant impacts on the environment and natural resources. | The Environment and Natural Resources |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | |
| Aspect A4: Climate Change | | |
| General Disclosure | Deleted on 1 January 2025 | – |
| KPI A4.1 | Deleted on 1 January 2025 | – |
| Subject Area B — Social | | |
| Employment and Labour Practices | | |
| Aspect B1: Employment | | |

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| Part C: “Comply or Explain” provision | | Section |
|--|---|---|
| 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. | Talent Management |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Staff Compensation and Dismissal, Recruitment and Promotion, Working Hours and Leaves |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | |
| Aspect B2: Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Health and Safety |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | |
| KPI B2.2 | Lost days due to work injury. | |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | |
| Aspect B3: Development and Training | | |
| General Disclosure | Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities. | Development and Training |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | |
| Aspect B4: Labour Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Labour Standards for Prevention of Child or Forced Labour |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | |
| Operating Practices | | |
| Aspect B5: Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Sustainable Operation |
| KPI B5.1 | Number of suppliers by geographical region. | |

Index to ESG Reporting Code of the Stock Exchange (continued)

| Part C: “Comply or Explain” provision | | Section |
|--|--|------------------------|
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Sustainable Operation |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | |
| Aspect B6: Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Product Responsibility |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | |
| KPI B6.2 | Number of products- and service-related complaints received and how they are dealt with. | |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | |
| KPI B6.4 | Description of quality assurance process and recall procedures. | |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | |
| Aspect B7: Anti-corruption | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Anti-corruption |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases. | |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | |
| Community | | |
| Aspect B8: Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests. | Community Investment |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | |

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| Part D: Climate-related Disclosures | | Section/Information |
|--|---|---|
| (I) Governance | | |
| 19 | An issuer shall disclose information about: | |
| 19 (a) | the governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify such body(ies) or individual(s) and disclose information about: | Statement of the Board; Environmental, Social and Governance Management Structure |
| 19 (a) (i) | how the body(ies) or individual(s) determine(s) whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities. | Environmental, Social and Governance Management Structure |
| 19 (a) (ii) | how and how often the body(ies) or individual(s) is informed about climate-related risks and opportunities. | |
| 19 (a) (iii) | how the body(ies) or individual(s) take(s) into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(ies) or individual(s) has considered trade-offs associated with those risks and opportunities. | |
| 19(a) (iv) | how the body(ies) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35). | |
| 19 (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: | |
| 19 (b) (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. | Environmental, Social and Governance Management Structure |
| 19 (b) (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. | |
| (II) Strategy | | |
| Climate-related risks and opportunities | | |
| 20 | An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: | |
| 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. | Understanding of Our Climate-Related Risks and Opportunities |
| 20 (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. | |
| 20 (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. | |
| 20 (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. | |

Index to ESG Reporting Code of the Stock Exchange (continued)

| Part D: Climate-related Disclosures | | Section/Information |
|---------------------------------------|---|--|
| 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: | |
| 21 (a) | a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. | Understanding of Our Climate-Related Risks and Opportunities |
| 21 (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). | Please refer to footnote 17. |
| Strategy and decision-making | | |
| 22 | 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: | |
| 22 (a) | information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: | |
| 22 (a) (i) | current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities. | Environmental Aspects; Sustainable Operation; |
| 22 (a) (ii) | any current and anticipated adaptation or mitigation efforts (whether direct or indirect). | Strategies to Address Climate-Related Risks and Opportunities |
| 22 (a) (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. | The Group has not developed, nor does it plan to develop, a climate-related transition plan. |
| 22 (a) (iv) | how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)) as specified in paragraphs 37 to 40. | Greenhouse Gas Emission Reduction Targets |
| 22 (b) | information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | Strategies to Address Climate-Related Risks and Opportunities |
| 23 | An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | Please refer to footnote 18. |

¹⁷ The Group will gradually improve the scope of assessment of climate-related risks and opportunities on an ongoing basis to cover its value chain more extensively.

¹⁸ Commencing from the Reporting Period, the Group has disclosed measures and initiatives to address climate-related risks and opportunities in accordance with Paragraph 22(a) of Part D of the ESG Code. Consequently, the information regarding the progress of plans to address climate-related risks and opportunities disclosed in the previous reporting period is not applicable.

Index to ESG Reporting Code of the Stock Exchange (continued)

| Part D: Climate-related Disclosures | | Section/Information |
|---|--|--|
| Financial position, financial performance and cash flows | | |
| <i>Current financial effects</i> | | |
| 24 | An issuer shall disclose qualitative and quantitative information about: | |
| 24 (a) | how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period. | Please refer to footnote 19. |
| 24 (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. | The Group has no such significant risks. |
| <i>Anticipated financial effects</i> | | |
| 25 | The issuer shall provide qualitative and quantitative disclosures about: | |
| 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. | Please refer to footnote 20. |
| 25 (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. | |

¹⁹ Based on a preliminary assessment, the overall impact of climate change on the Group's financial position, financial performance and cash flows during the Reporting Period was relatively limited. With regard to quantitative data, the Group applied the Financial Effects Relief during the Reporting Period. The Group will continue to closely monitor the potential impacts of climate change and consider conducting studies as appropriate based on future actual conditions to further identify and assess the impacts of climate-related risks and opportunities.

²⁰ During the Reporting Period, the Group adopted Reasonable Information Relief and Capabilities Relief. Based on a preliminary assessment, the current overall impact of climate change on the Group is relatively limited. Therefore, the Group has not yet adopted climate models to identify expected climate-related risks and opportunities. Due to the high level of uncertainties associated with the assessment methods, the Group is unable to assess the anticipated financial impacts related to climate change. The Group will continue to closely monitor the potential impacts of climate change and consider conducting studies as appropriate based on future actual conditions to identify and assess the anticipated financial impacts of climate-related risks and opportunities. After determining the qualitative anticipated financial impacts, the Group will consider plans for further studies, as appropriate, to quantify these climate-related financial impacts.

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| Part D: Climate-related Disclosures | | Section/Information |
|-------------------------------------|--|--|
| Climate resilience | | |
| 26 | 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 the issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: | |
| 26 (a) | the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: | |
| 26 (a) (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. | Strategies to Address Climate-Related Risks and Opportunities Please refer to footnote 21. |
| 26 (a) (ii) | the significant areas of uncertainty considered in the issuer's assessment of its climate resilience. | Understanding of Our Climate-Related Risks and Opportunities; Strategies to Address Climate-Related Risks and Opportunities |
| 26 (a) (iii) | the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term. | Strategies to Address Climate-Related Risks and Opportunities |
| 26 (b) | how and when the climate-related scenario analysis was carried out, including: | |
| 26 (b) (i) | information about the inputs used, including: | |
| 26 (b) (i) (1) | which climate-related scenarios the issuer used for the analysis and the sources of such scenarios. | Please refer to footnote 22. |
| 26 (b) (i) (2) | whether the analysis included a diverse range of climate-related scenarios. | |
| 26 (b) (i) (3) | whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks. | |
| 26 (b) (i) (4) | whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change. | |
| 26 (b) (i) (5) | why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or un-certainties. | |
| 26 (b) (i) (6) | time horizons the issuer used in the analysis. | |
| 26 (b) (i) (7) | what scope of operations the issuer used in the analysis (e.g. the operation locations and business units included in the analysis). | |
| 26 (b) (ii) | the key assumptions the issuer made in the analysis. | |
| 26 (b) (iii) | the reporting period in which the climate-related scenario analysis was carried out. | |

²¹ The Group has not conducted a climate-related scenario analysis. How the Group should need to address the impacts identified in a climate-related scenario analysis does not apply to the Group.

²² During the Reporting Period, the Group adopted Reasonable Information Relief and Capabilities Relief. Based on a preliminary assessment, the overall impact of climate change on the Group's business operations is relatively limited at this stage. Therefore, the Group has not yet conducted a climate-related scenario analysis. The Group will improve its risk assessment methods on an ongoing basis, closely monitor the potential impacts of climate change and the results of related risk assessments, and consider evaluating and determining next steps in a timely manner based on future actual conditions.

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| Part D: Climate-related Disclosures | | Section/Information |
|-------------------------------------|--|---|
| (III) Risk Management | | |
| 27 | An issuer shall disclose information about: | |
| 27 (a) | the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: | |
| 27 (a) (i) | the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes). | Understanding of Our Climate-Related Risks and Opportunities |
| 27 (a) (ii) | whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks. | The Group has not conducted climate-related scenario analysis. |
| 27 (a) (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). | Understanding of Our Climate-Related Risks and Opportunities |
| 27 (a) (iv) | whether and how the issuer prioritises climate-related risks relative to other types of risks. | |
| 27 (a) (v) | how the issuer monitors climate-related risks. | Statement of the Board; Environmental, Social and Governance Management Structure; Understanding of Our Climate-Related Risks and Opportunities |
| 27 (a) (vi) | whether and how the issuer has changed the processes it uses compared with the previous reporting period. | |
| 27 (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). | The Group has not conducted climate-related scenario analysis. |
| 27 (c) | the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. | Understanding of Our Climate-Related Risks and Opportunities |
| (IV) Metrics and Targets | | |
| Greenhouse gas emissions | | |
| 28 | An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO ₂ equivalent, classified as: | |
| 28 (a) | Scope 1 greenhouse gas emissions. | Greenhouse Gas Emissions Data |
| 28 (b) | Scope 2 greenhouse gas emissions. | Greenhouse Gas Emissions Data |
| 28 (c) | Scope 3 greenhouse gas emissions. | Please refer to footnote 23. |

²³ During the Reporting Period, the Group adopted Reasonable Information Relief and has not disclosed Scope 3 greenhouse gas emissions data. The Group will consider conducting relevant studies as appropriate, and prepare for the disclosure of Scope 3 greenhouse gas emissions based on the results of such studies.

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| Part D: Climate-related Disclosures | | Section/Information |
|--|---|---|
| 29 | An issuer shall: | |
| 29 (a) | measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: 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. | Greenhouse Gas Emissions Data |
| 29 (b) | disclose the approach it uses to measure its greenhouse gas emissions including: | |
| 29 (b) (i) | the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions. | Business Profile and Scope of the Report; Greenhouse Gas Emissions Data |
| 29 (b) (ii) | the reason why the issuer has chosen the measurement approach, inputs and assumptions to measure its greenhouse gas emissions. | |
| 29 (b) (iii) | any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes. | |
| 29 (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. | Greenhouse Gas Emissions Data |
| 29 (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 Standards (2011). | Please refer to footnote 23. |
| Climate-related transition risks | | |
| 30 | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. | |
| Climate-related physical risks | | |
| 31 | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. | Please refer to footnote 24. |
| Climate-related opportunities | | |
| 32 | An issuer shall disclose the amount and percentage of assets or business activities associated with climate-related opportunities. | |
| Capital deployment | | |
| 33 | An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. | Strategies to Address Climate-Related Risks and Opportunities Please refer to footnote 25. |

²⁴ During the Reporting Period, the Group adopted Reasonable Information Relief. The Group will closely monitor the potential impacts of climate change on an ongoing basis and consider reviewing the climate-related financial impacts, as appropriate, based on future actual conditions. In the future, the Group will provide quantifiable data, including the amounts and percentages of assets or business activities vulnerable to climate-related transition risks, the amounts and percentages of assets or business activities vulnerable to climate-related physical risks, and the amounts and percentages of assets or business activities associated with climate-related opportunities.

²⁵ Capital expenditures currently deployed to address climate-related risks and opportunities are described in relevant sections. Due to confidentiality, the corresponding quantitative data has not yet been disclosed.

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| Part D: Climate-related Disclosures | | Section/Information |
|-------------------------------------|--|--|
| Internal carbon prices | | |
| 34 | An issuer shall disclose: | |
| 34 (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). | The Group has not applied carbon pricing in its decision-making during the Reporting Period. |
| 34 (b) | the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions. | |
| 34 | or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | |
| 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). | Climate-related considerations have not been factored into the Group's 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 characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | The Group has not included industry-based metrics in its disclosures for the Reporting Period. |
| 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: | |
| 37 (a) | the metrics used to set the target. | Greenhouse Gas Emission Reduction Targets |
| 37 (b) | the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives). | |
| 37 (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). | |
| 37 (d) | the period over which the target applies. | |
| 37 (e) | the base period from which progress is measured. | |
| 37 (f) | milestones or interim targets (if any). | |
| 37 (g) | if the target is quantitative, whether the target is an absolute target or an intensity target. | |
| 37 (h) | how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. | |

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| Part D: Climate-related Disclosures | | Section/Information |
|--|---|--|
| 38 | An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: | |
| 38 (a) | whether the target and the methodology for setting the target have been validated by a third party. | Not validated by a third party. |
| 38 (b) | the issuer's processes for reviewing the target. | Statement of the Board; Environmental, Social and Governance Management Structure; Greenhouse Gas Emission Reduction Targets |
| 38 (c) | the metrics used to monitor progress towards achieving the target. | |
| 38 (d) | any revisions to the target and an explanation for those revisions. | No revisions have been made. |
| 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. | Greenhouse Gas Emission Reduction Targets |
| 40 | For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: | |
| 40 (a) | which greenhouse gases are covered by the target. | Greenhouse Gas Emission Reduction Targets |
| 40 (b) | whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target. | |
| 40 (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. | |
| 40 (d) | whether the target was derived using a sectoral decarbonisation approach. | The target was not derived using a sectoral decarbonisation approach. |
| 40 (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: | |
| 40 (e) (i) | the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits. | The Group did not use or plan to use carbon credits during the Reporting Period. |
| 40 (e) (ii) | which third-party scheme(s) will verify or certify the carbon credits. | |
| 40 (e) (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. | |
| 40 (e) (iv) | any other material 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). | |