中國恒有源發展集團有限公司

CHYY DEVELOPMENT GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8128

2025 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Technology and Resources Links

CATALOGUE

01 ABOUT THIS REPORT

CHYY Development Group LIMITED (the "**Company**") together with its subsidiaries (collectively referred to as the "**Group**" or "**we**") is pleased to present its tenth Environmental, Social and Governance (ESG) Report (the "**ESG Report**") for the year ended 31 December 2025 (the "**Year 2025**"). This ESG Report outlines the Group's management approaches, strategies, objectives, and performance in relation to ESG. The information disclosed in this ESG Report has been collected and compiled through various channels, including the Group's internal policy documents and data, feedback on the implementation of ESG practices, and stakeholders' surveys regarding the Group's sustainability initiatives. This ESG Report is prepared in both Chinese and English and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (the "**HKEx**") (www.hkexnews.hk) and the Company's website (www.chyy.com.hk). In case of any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

Scope Covered

In defining the scope of this ESG Report, we carefully selected the entities to be included in the disclosures, taking into account the materiality of each entity's revenue as a proportion of the Group's total revenue for the Year 2025. This ESG Report covers entities whose combined revenue represented over 90% of the Group's total revenue for the Year 2025. Additionally, employee-related data disclosed in this report is based on the Group's total workforce as at the end of the Year 2025.

Compilation Basis

The content of this report is prepared in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") set out in Appendix C2 to the GEM Listing Rules of The Stock Exchange of Hong Kong Limited, while also taking into account the key concerns of the Company's stakeholders and the unique characteristics of its business operations.

Reporting Principles

This report has been prepared in accordance with the following fundamental principles:

Materiality Principle: The Company has identified key sustainability and ESG issues through a materiality assessment process that incorporated feedback from stakeholders regarding their concerns, interests, and expectations for sustainable development. The final materiality matrix results guided our focus on significant ESG topics, which are addressed in this report through disclosure of relevant policies, initiatives and performance.

Quantitative Principle: In compliance with the ESG Reporting Guide issued by the HKEx, we have disclosed environmental and social data with measurable key performance indicators. The standards, methodologies, and assumptions used in the report have been clearly stated to ensure transparency.

Balance Principle: This report presents the Group's environmental, social and governance performance in an unbiased manner. We have avoided selective disclosures, omissions, or presentation formats that might unduly influence readers' decisions or judgments.

Consistency Principle: Unless otherwise stated, the statistical disclosure methodologies employed in this report are consistent with those used in the year 2024, ensuring comparability of data.

Approval and Release

This report has been approved by the Board of Directors of the Company and will be released in April 2026.

Feedback

The Company is committed to listening to our stakeholders' voices. Should you have any comments or inquiries regarding this ESG Report, please feel free to contact us through the following channels:

Address:	8/F., Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong
Tel:	+852 3753 9800
Email:	info@chyy.com.hk

02 CHAIRMAN'S STATEMENT

Dear Respected Shareholders and Stakeholders,

Against the backdrop of China's deepening "dual-carbon" goals and the launch of the 15th Five-Year Plan in 2026, the Group remains committed to advancing the application of shallow geothermal energy as a replacement for traditional fossil fuels. In northern regions of China where winter heating is essential, the Group actively promotes its "non-combustion, high-efficiency geothermal heat pump heating" technology and accelerates the development of an integrated heating-and-cooling green industry.

Policy Momentum Driving High-Quality Development

In 2025, national ministries and commissions introduced a series of supportive policies. The National Development and Reform Commission and the National Energy Administration jointly issued the *Action Plan for Promoting High-Quality Development of the Heat Pump Industry* (Fagai Huanzi [2025] No. 313), setting clear requirements and objectives for advancing the sector. The Beijing Municipal Finance Bureau, Taxation Bureau and Water Authority jointly released the *Implementation Measures for the Pilot Reform of Water Resource Tax in Beijing* (Jingcai Shui [2025] No. 66), granting preferential water resource tax treatment to the Group's "single-well circulation heat exchange with 100% groundwater reinjection" geothermal collection technology, injecting strong momentum into the development of geothermal heat pump industry.

"Three Substitutions" Leading the Energy Revolution

The "non-combustion, high-efficiency geothermal heat pump heating" used in northern China during winter is regarded as a third-generation heating technology and has, in the new era, achieved three major substitutions:

1. **Energy substitution** – Shallow geothermal energy (low-temperature thermal energy from underground constant-temperature zones below 25° C) replaces traditional fossil fuels.

2. **Product substitution** – Safe and efficient heat pumps replace conventional boilers.

3. **Heat-acquisition substitution** – Electrically driven heat pumps "transfer" shallow geothermal energy, replacing the high-temperature combustion of fossil fuels in boilers, thereby enabling the scientific classification of energy by grade and responsible use of energy aligned with appropriate heating temperatures.

Building on the "three substitutions," the Group has independently developed an environmentally friendly and highly efficient geothermal energy collection technology. Using this proprietary innovation as the core, and integrating internationally adopted geothermal collection and heat pump technologies, the Group has created three integrated heating systems that fully meet the winter heating needs of northern China in the new era and support the national goals of "transforming energy production and consumption and modernizing rural lifestyles".

Original Innovation – Zhongguancun-originated breakthrough technology – an environmentally friendly and efficient geothermal energy collection method featuring "100% reinjection of groundwater and single-well circulation heat exchange".

Integrated Innovations – Using its proprietary technology as the foundation, the Group has integrated international geothermal and heat pump technologies to develop three heating systems:

(1) Geothermal heat pump environmental system, designed for centralized heating in urban and rural areas.

(2) Geothermal "Heat-Treasure" system, designed for rural households with independent metering and room-by-room heating.

(3) Distributed geothermal heating and cooling source-station system, suitable for unified planning and phased investment according to demand.

Key ESG Achievements for the Year 2025

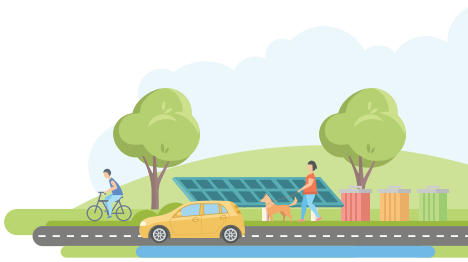
The Group actively supported regional agents for geothermal energy collection, exclusive agents for geothermal heat pump projects, and regional development partners, through standardized proprietary technology cooperation and turnkey system leasing, building a professional operation and maintenance platform to ensure reliable heating for thousands of households. In the Year 2025, the Group continued to enhance green operations, quality management and workplace safety, successfully renewing ISO 9001, ISO 14001 and ISO 45001 certifications, maintaining the 5A Clean Heating Service Certification, and obtaining the Hong Kong Green Organisation Certification – Waste Reduction (Excellent Level). During the year, the Group achieved 21.55 million square meters of renewable-energy-based heating and cooling coverage, reducing approximately 40,000 tonnes of carbon dioxide equivalent emissions.

The Group remained committed to a people-oriented approach, delivering 57 training sessions covering 1,651 participants, with steady improvements in employee satisfaction and safety performance. Investments in community welfare, heating assurance and emergency repair services increased significantly. In operations management, the supply chain system was further strengthened, customer satisfaction reached 99.9%, and the Group recorded zero product recalls and zero corruption cases, demonstrating solid governance effectiveness and compliance performance.

Outlook

China's 15th Five-Year Plan for National Economic and Social Development calls for "accelerating the green and low-carbon transformation of heating systems, and promoting the utilisation of waste heat resources and non-fossil energy for heating in accordance with local conditions." Standing at this new starting point of the 15th Five-Year Plan, and as a recipient of the "Outstanding Energy-Saving and Carbon-Reduction Action Award," the Group is firmly committed to leading the heating industry's transition from the "combustion era" to the "non-combustion era." By promoting high-efficiency, non-combustion geothermal heat pump heating as a replacement for fossil fuels, the Group is advancing the development of an integrated heating-and-cooling green industry, strengthening its ESG governance framework, and fulfilling its corporate social responsibilities, thereby contributing green momentum to China's dual-carbon goals and the vision of harmonious coexistence between humanity and nature.

Xu Shengheng & Liao Yuan
Co-Chairmen of the Board



03 ESG GOVERNANCE

Statement of Board of Directors

As a responsible corporation, the Group is fully committed to addressing sustainability challenges and leveraging our influence to advance sustainable development agendas encompassing environmental and social issues. Regarding our Environmental, Social and Governance (ESG) performance, we firmly believe that establishing a robust governance framework is paramount. To ensure effective management, we have implemented a comprehensive management system across all business operations to identify, manage, and respond to sustainability-related risks and opportunities.

The Board of Directors assumes full responsibility for the Group's ESG strategy and reporting. The Board oversee the formulation of ESG policies and targets and conduct annual reviews of ESG performance. To strengthen day-to-day management and implementation, we have established an ESG Working Team, which engages with stakeholders to identify material ESG issues for the Group. The team analyzes and evaluates feedback to assist in developing relevant policies and measures while monitoring their execution. Each department is responsible for integrating these policies and targets into daily operations to ensure alignment with our ESG commitments. Through this structured approach, we strive to uphold accountability, transparency, and continuous improvement in our sustainability journey.

ESG Governance Framework

Board of Directors

- To oversee the Group's environmental, social and governance management policies and strategies.
- Regularly review the Group's environmental, social and governance performance and progress to assess and manage risks and opportunities.

ESG Working Team

- To assist in the formulation and review of the Group's sustainable development goals, priorities and targets.
- To assist in the formulation of policies and measures to promote goals and targets.
- Monitor, review and evaluate the implementation of ESG related policies and practices.
- Evaluate the progress and performance of the Company's ESG work and the effectiveness of its improvement plans.
- Report to the Board on ESG performance.

Management

- To implement the environmental, social and governance measures established by the Company in the departments under its management and in its day-to-day operations.
- To promote environmental, social and governance awareness in the departments under their management.

04 STAKEHOLDERS' PARTICIPATION

The Company firmly believes that the fundamental premise of an Environment, Social and Governance (ESG) report lies in disclosing information that is both relevant and material to our stakeholders. As such, we actively seek engagement opportunities with both internal and external stakeholders to foster ongoing collaborative dialogue. Through diversified communication channels, we maintain multi-directional, consistent, and transparent exchanges with stakeholders to identify and understand their key ESG concerns. The Company remains committed to ensuring effective communication and nurturing strong relationships with each stakeholder group. We will continue to refine our stakeholder engagement approach to better address evolving expectations and sustain mutual trust in our ESG journey.

Stakeholders	Key Concerns/Expectations	Communication Channels
Government and Regulatory Authorities	– Abiding by laws and regulations – Support national development policies in the field of industry – Innovative development	– Participate in meetings of government agencies and receive policy documents – Participate in the application of government-supported projects – Expert symposium – Accept supervision and inspection by government departments at all levels
Investors/ Shareholders	– Return on investment – Corporate governance – Business development	– Shareholders' meetings and its circulars, HKEx announcements – Company financial statements, annual reports, ESG reports, etc. – Company website

Stakeholders	Key Concerns/Expectations	Communication Channels
Employees	– Employee rights and benefits – Training and development – Occupational health and safety	– Employee congress, employee handbook – Performance management mechanism – Various forms of training and promotion channels – WeChat group – Direct conversation
Customers	– Product quality and efficiency – Customer interest protection – Product stability, product maintenance and time effectiveness	– Pre-sales, in-sales and after-sales stages – Customer service center, 24-hour hotline, customer service App, customer follow-up visit – Spring and autumn maintenance, satisfaction survey, etc
Suppliers	– Fair and transparent procurement processes – Clear compliance and quality requirements – Stable and mutually beneficial partnerships – Clear and enforceable contract terms	– Comparison shopping – Select qualified suppliers – Supplier evaluation – Contract negotiation
Constructors	– Safe construction	– Contract, security agreement – Regular inspection and random inspection
Community/ Public	– Livelihood protection – Heating service stability – Community safety and environmental quality	– Community consultation meetings – Customer service hotline – On-site maintenance and inspection

05 MATERIALITY ASSESSMENT

In order to identify the issues that stakeholders are most concerned about and to allow stakeholders to provide their opinions on our performance in sustainable development, we conducted a materiality assessment in the form of a questionnaire survey. We invited both internal and external stakeholders to express their views on the importance of ESG issues to the Group's operations, as well as to stakeholders' evaluations and decision-making. These important or relevant issues often change with the evolution of the business environment and stakeholders' expectations. Therefore, we regularly understand the demands of various stakeholders through multiple channels such as special questionnaire surveys, so as to identify the ESG issues that are important to both the Company and stakeholders in the current business environment.

The following is the detailed procedure for us to determine the material issues and the content of the report:

Step 1: Identification

Review ESG issues and identify a list of relevant potential ESG issues based on the importance of social, economic, and environmental issues to the industry in which the Company operates and the opinions of various departments within the Company.

Step 2: Assessment

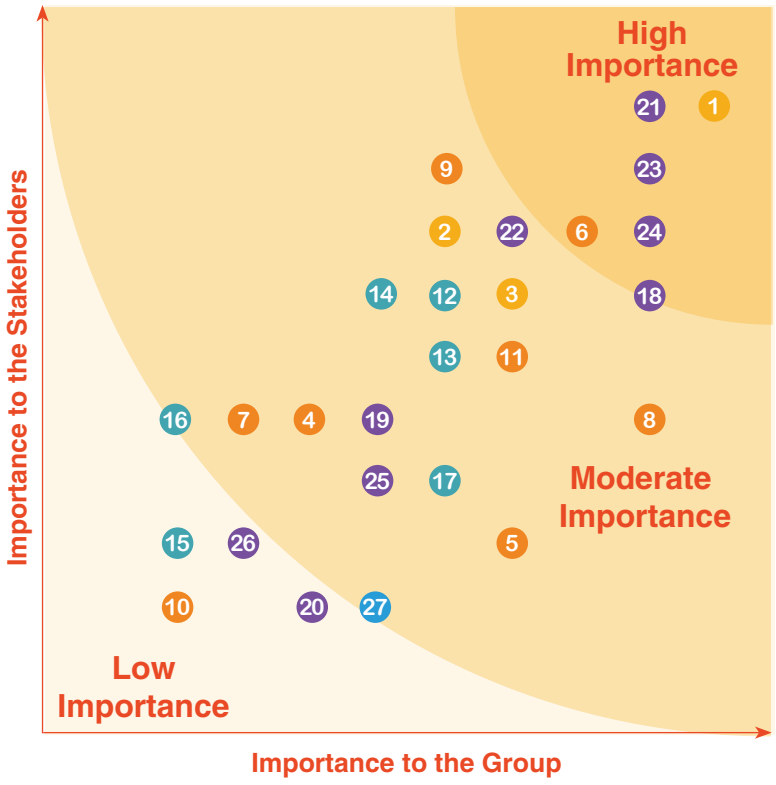
Collect the opinions and concerns of internal and external stakeholders regarding the importance of each issue, and understand the impact of each issue on the stakeholders themselves and its significance for the sustainable development of the Group.

Step 3: Confirmation

The ESG Working Team takes into account the results of stakeholder surveys and analyses, identifies substantive ESG issues, confirms them with the Group’s management, ensures that the assessment results are in line with the Group’s business characteristics and development status, and develops an action plan for more effective ESG management.

The Group collected and analyzed the feedback from stakeholders and listed them in the following materiality matrix to reflect their importance.

Materiality Matrix



Corporate Governance

1. Company operation and financial status
2. Corporate governance mechanism
3. Sustainable development vision and strategy

Employment

4. Diversity and equal employment opportunity
5. Employment relationship and staff communication
6. Occupational safety and health
7. Staff training and development
8. Talented person retention
9. Staff salary
10. Staff welfare/ recreational activity
11. Employment compliance

Environment

12. Emissions (including wastewater, greenhouse gases, and exhaust gases)
13. Management of hazardous and non-hazardous waste
14. Energy and water conservation
15. Climate change response
16. Environmental compliance
17. Environmental protection policies

Operation

18. Supplier management
19. Anti-fraud and anti-corruption
20. Emergency response and disaster preparedness
21. Product quality and safety
22. Product development and innovation
23. After-sales service
24. Customer feedback and complaints handling
25. Patents and technological innovation
26. Customer data privacy protection

Community

27. Community engagement and public welfare activities

06 ESG WORK

ESG Work Summary and Highlights for the Year 2025

- The Group completed the renewal of ISO 9001, ISO 14001 and ISO 45001 certifications, and maintained the 5A Clean Heating Service Certification, further strengthening its quality, safety and environmental management systems.
- Through energy-saving, water-saving, energy substitution and resource management measures, the Group significantly improved waste-reduction performance. Its Hong Kong Green Organisation Certification for Waste Reduction was elevated from "Basic Level" to "Excellent Level," demonstrating enhanced green operational capability.
- During the year, the Group achieved 21.55 million square meters of renewable-energy-based heating and cooling coverage across 29 operating projects, reducing approximately 40,000 tonnes of CO_2e emissions, and continued to promote clean energy applications.
- The workforce remained stable. A total of 57 training sessions were conducted, covering 1,651 participants, effectively enhancing professional skills, safety awareness and job competency.
- Safety performance remained strong, with zero fatal accidents recorded during the year. Lost workdays due to injuries decreased compared with previous years, and the implementation of the ISO 45001 system continued to strengthen.
- Investment in community welfare and livelihood protection increased, with active responses to community needs in heating assurance, emergency repairs and clean-energy promotion.

- The supply chain management system was further enhanced, with the number of qualified suppliers increasing to 113. Quality audits, environmental responsibility and compliance requirements continued to be strengthened.
- Customer service performance remained excellent, achieving a customer satisfaction rate of 99.9% with no product recalls or corruption cases, demonstrating solid governance effectiveness and a strong compliance culture.

ESG Targets for the Year 2026

- Using the Year 2025 as the baseline, a 2% reduction in Scope 1 and Scope 2 greenhouse gas emissions is targeted for the year 2026.
- Using the Year 2025 as the baseline, a 2% reduction in electricity consumption is targeted for the year 2026.
- Using the Year 2025 as the baseline, a 2% reduction in water consumption is targeted for the year 2026.
- Using the Year 2025 as the baseline, a 2% reduction in gasoline consumption is targeted for the year 2026.
- Paper recycling efforts will be strengthened, with a recycling rate of over 85% targeted for the year 2026.

Key ESG Actions and Measures for the Year 2026

- Deepen green operations by promoting fully enclosed geothermal collectors and expanding the application of geothermal heat pumps to enhance system efficiency and accelerate renewable-energy deployment across more project scenarios.
- Advance digital management by upgrading BIM management and the operation-maintenance big-data platform to achieve refined, visualized and intelligent project design, construction and operations, thereby improving energy efficiency.
- Strengthen full-cycle refrigerant management by establishing a comprehensive ledger system, promoting environmentally friendly alternatives and achieving 100% refrigerant recovery to reduce greenhouse gas emission intensity.
- Increase the proportion of green electricity procurement and promote the electrification and upgrading of construction machinery to further reduce reliance on fossil fuels and enhance the level of low-carbon operations.
- Continue improving employee capabilities and safety management by optimizing training systems, strengthening occupational health and safety education, and enhancing site inspections and hazard-rectification mechanisms to reduce safety risks.
- Strengthen green and compliant supply chain management by deepening environmental and social responsibility audits and encouraging key suppliers to adopt eco-friendly materials and green transportation methods.
- Enhance customer service quality by strengthening after-sales response mechanisms and equipment inspection systems to improve system stability and user experience, maintaining high satisfaction and a zero-complaint target.
- Consolidate the integrity governance system by deepening anti-corruption training and internal controls, strengthening supervision of key processes and improving whistleblowing mechanisms to enhance governance transparency and compliance.

07 AWARDS AND RECOGNITION

The Company has obtained the Wastewi$e Certificate (Excellent Level) of the Hong Kong Green Organization Certification

Ever Source Science and Technology Development Group Co., Ltd., a subsidiary of the Group, has obtained the Work Safety Standardization Certificate (Level 3)

Ever Source Science and Technology Development Group Co., Ltd., a subsidiary of the Group, has been awarded a 5A-level certificate in the rating of clean heating enterprises organized and certified by the Clean Heating Industry Committee

Ever Source Science and Technology Development Group Co., Ltd., a subsidiary of the Group, has obtained the Quality Management System Certification Certificate

Ever Source Science and Technology Development Group Co., Ltd., a subsidiary of the Group, has obtained the Environmental Management System Certification Certificate

Ever Source Science and Technology Development Group Co., Ltd., a subsidiary of the Group, has obtained the Occupational Health and Safety (OH&S) Management System Certification Certificate

08 ENVIRONMENTAL RESPONSIBILITY

Green Enterprises

As a green enterprise, we remain steadfast in our responsibility toward environmental protection. We are dedicated to promoting shallow geothermal energy as a clean alternative for heating and cooling, utilizing this renewable resource to achieve combustion-free and zero-emission operations in our service areas. By replacing traditional coal or electric heating systems, we significantly reduce associated emissions. Our mission is to advance this eco-friendly initiative, actively advocate for clean heating solutions, and contribute to pollution reduction, smog elimination, and the restoration of blue skies – all while promoting rational and efficient energy use. We persistently strive toward these goals to safeguard planetary health and improve quality of life.

To date, the Group has achieved good results in the promotion and operation of renewable energy alternative heating and cooling projects, including the promotion of renewable energy alternative heating and cooling projects totaling 21.55 million square meters, including central heating and cooling projects, household ground-source heating and cooling projects and household air-source heating projects. For the Year 2025, 29 projects were in operation, covering an area of 1.26 million square meters, and annual carbon dioxide equivalent ("**CO_2e**") emission reductions of 40,000 tonnes achieved through clean heating.

Going forward, the Group will continue to build on its inherent strengths, uphold an innovation-focused mindset, and take proactive action within the industry. It is committed to promoting the replacement of traditional polluting, emission-intensive heating energy sources with clean energy, to deliver clean heating solutions for buildings.

Green operation

The Group has consistently embedded the philosophy of green development throughout the full lifecycle of its projects. Centred on the three core pillars of "compliance management and control, technology-driven carbon reduction, and refined operation and maintenance", it implements systematic environmental protection measures across all stages of project design, construction and operation, to realise the coordinated development of economic benefits and ecological benefits. The Group completed the renewal of its ISO 14001 Environmental Management System certification, and maintained its 5A Grade Clean Heating Service Certification in the Year 2025.

With respect to project construction, the Group strictly complies with all relevant construction regulations and standard requirements throughout the construction process, in full accordance with the requirements set out in the Regulations on the Environmental Protection Management of Construction Projects, Assessment Standard for Green Construction of Building and Municipal Engineering, Guidelines for Green Construction, dust emission standards for construction sites promulgated by local authorities, and Environmental and Sanitation Standard for Construction Sites, among other applicable rules and standards. The project team holds regular work meetings on "civilized construction and environmental protection", implements the construction site environmental protection management inspection system, and strictly controls various emissions. At the same time, the Group formulates environmental protection policies, objectives and indicators to achieve harmony between construction and the environment and meet the requirements of environmental management standards.

In the course of our operations, we inevitably generate some direct or indirect air emissions. Direct air emissions mainly come from diesel fuel combustion of generators, drilling rigs and other equipment used in the construction process, as well as refrigerants used in project maintenance services. Most of the refrigerants we use are environmentally friendly models, but some customers' equipment is still old models and cannot use environmentally friendly refrigerants, so non-environmentally friendly refrigerants are still used when providing maintenance services for them. In response to this situation, when we contact these customers, we will actively recommend and encourage them to change to environmentally friendly equipment to reduce the impact on the environment.

Green Office

The Group has always been committed to operating in a more environmentally friendly and energy-efficient manner, and advocates the 6R Environmental Protection Principles: Reduce, Reuse, Recycle, Replace, Repair and Refuse. The main resources consumed in the Group's daily office operations include electricity, water, gasoline, natural gas and paper.

The Group continuously encourages and promotes various measures to achieve energy conservation, resource recycling and waste reduction, including the following:

(1) Strengthen HVAC energy efficiency management, conduct behavioural energy-saving assessments for zoned heating/cooling equipment; optimize air conditioning use per weather, avoid extreme temperature settings, prioritise natural ventilation in non-hot periods to cut energy waste via daily controls.

(2) Regulate office electrical and lighting use, reduce electronic and electrical equipment standby time, power off long-idle devices; use lighting on demand, ensure lights off when personnel leave, eliminate permanent lighting in unoccupied areas.

(3) Implement water conservation measures, conduct staff water-saving education, urge taps to be closed when idle; uniformly adopt water-saving appliances, and timely repair all water leakage defects.

(4) Roll out paper-saving initiatives, minimise printing frequency, adopt double-sided printing; set up a dedicated supervised recyclable paper point to encourage secondary reuse of non-confidential waste paper.

(5) Accelerate energy-saving equipment upgrading, prioritise procurement of energy-saving certified products, gradually phase out low-efficiency equipment, and replace with new energy and energy-efficient products.

(6) Enhance resource recycling, conduct classified disposal of recyclables; prioritise repair of damaged appliances/items to reduce arbitrary disposal; promote durable tableware and prohibit disposable tableware.

(7) Advocate green travel and ecological emission reduction, encourage staff to commute via public transport; carry out large-scale tree planting in the office park, guide staff to grow indoor potted plants to cut emissions and improve air quality.

A1. Emissions

The Group has always placed environmental protection at the core of its corporate development and firmly practiced the concept of green development. The Group strictly complies with the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention and Control Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and other applicable national laws and regulations. In the meantime, it diligently implements the Regulations of Beijing Municipality on the Prevention and Control of Air Pollution, Regulations of Beijing Municipality on the Prevention and Control of Environmental Pollution by Hazardous Waste, Regulations of Beijing Municipality on the Prevention and Control of Water Pollution, and other relevant local regulations, and embeds environmental protection responsibilities into every aspect of the Group's business operations. Guided by the principle of green development, we fulfill our ecological responsibilities with practical actions, are committed to protecting the clear waters and blue skies, contribute solidly to building a better homeland, and promote the harmonious coexistence between humanity and nature.

The air pollutants generated by the Group were mainly attributable to two sources in the Year 2025: vehicle use in the course of business development, and the combustion of diesel fuel by equipment including generators used during construction works. These emissions cover nitrogen oxides ("**NO_x**"), sulphur oxides ("**SO_x**") and particulate matter ("**PM**"). Details of the relevant emissions data are summarised in Table 1 below:

Table 1: Summary of the Group's Air Pollutant Emissions Data

Category		Source of Emission Factors	Unit		2025	2024	2024[6]
A1.1 Air Pollutant Emissions[1]	Nitrogen Oxides (NO_X)	1. Gasoline Consumption by Vehicles: Technical Guidelines for Compiling Atmospheric Pollutant Emission Inventory for Road Motor Vehicles (Trial), issued by the Ministry of Ecology and Environment of the People's Republic of China[2] Gasoline for Motor Vehicles (GB 17930-2016), issued by the National Energy Administration of the People's Republic of China[3] 2. Diesel Consumption by Equipment: Technical Guidelines for Compiling Atmospheric Pollutant Emission Inventory for Non-road Mobile Sources (Trial), issued by the Ministry of Ecology and Environment of the People's Republic of China[4] Diesel Fuel for Motor Vehicles (GB 19147-2016), issued by the National Energy Administration of the People's Republic of China[5]	kg	Amount	54.98	28.35	140
			kg/HKD'000 Revenue	Intensity	0.0011	0.0004	0.0020
	Sulphur Oxides (SO_X)		kg	Amount	0.12	0.05	140
			kg/HKD'000 Revenue	Intensity	<0.0001	<0.0001	0.0020
	Particulate Matter (PM)		kg	Amount	3.68	1.88	70
			kg/HKD'000 Revenue	Intensity	<0.0001	<0.0001	0.0010
	Total		**kg**	**Amount**	**58.78**	**30.28**	**530**
			kg/HKD'000 Revenue	**Intensity**	**<0.0012**	**<0.0005**	**0.005**

Notes:

1. In 2025, the Group's vehicles recorded a total mileage of 90,048 kilometres, consuming 14,635 litres (10.84 tonnes) of gasoline. In addition, equipment operations consumed 1,932 litres (1.63 tonnes) of diesel.
2. In accordance with the Technical Guidelines for Compiling Atmospheric Pollutant Emission Inventory for Road Motor Vehicles (Trial), the Group obtained the applicable emission factors for NO_X and PM generated by the Group's vehicles, which are 0.017 g/km and 0.003 g/km respectively.
3. Pursuant to Gasoline for Motor Vehicles (GB 17930-2016), the Group has adopted the sulphur content standard of ≤10 mg/kg for SO_X generated by the Group's vehicles, with the calculation formula as follows: SO_X Emissions (kg) = Gasoline Consumption (t) × Sulphur Content (mg/kg) × 0.002.
4. In accordance with the Technical Guidelines for Compiling Atmospheric Pollutant Emission Inventory for Non-road Mobile Sources (Trial), the Group obtained the emission factors for NO_X and PM generated by diesel-fuelled equipment, which are 32.79 g/kg and 2.09 g/kg respectively.
5. Pursuant to Diesel Fuel for Motor Vehicles (GB 19147-2016), the Group has adopted the sulphur content standard of ≤10 mg/kg for SO_X generated by the Group's equipment including diesel generators, with the calculation formula as follows: SO_X Emissions (kg) = Diesel Consumption (t) × Sulphur Content (mg/kg) × 0.002.
6. The figures set out in this column represent the air emissions data presented by the Group in its 2024 ESG Report, which were prepared in accordance with the Guidance on Reporting of Environmental Key Performance Indicators in Appendix II to How to Prepare ESG Reports issued by the HKEx.

The Group's greenhouse gas ("**GHG**") emissions were primarily derived from fossil fuel combustion and electricity consumption in the Year 2025. Scope 1 GHG emissions mainly originate from two sources: first, fugitive emissions of refrigerants (including HCFC-22, R410A and HFC-134A) resulting from intentional or unintentional leaks; and second, mobile combustion sources (gasoline and diesel consumption). Scope 2 GHG emissions are indirect emissions arising from the consumption of purchased electricity, which were mainly generated by the Group's heating and cooling systems as well as electricity consumption for daily office operations. Details of the relevant emissions data are summarised in Table 2 below:

Table 2: Overview of GHG Emissions for the Year 2025

Category		Source of Emission Factors	Unit		2025	2024
GHG Emission	Scope 1 (Diesel, Natural Gas, Gasoline, Refrigerant)	1. Carbon Dioxide ("**CO_2**"), Methane ("**CH_4**") and Nitrous Oxide ("**N_2O**"): Emission factors sourced from the GHG Protocol of the cross-industry tool. 2. Global Warming Potential ("**GWP**"): Sourced from the IPCC Fifth Assessment Report (AR5) 2013 and the GHG Protocol of the cross-industry tool.	CO_2e (t)	Amount	3,016	3,388[1]
			t/HKD'000 Revenue	Intensity	0.0631	0.0484
	Scope 2 (Electricity) (Region-based)	1. Beijing Office Premises: The relevant emission factor data is sourced from the Announcement on the Release of 2024 Power Carbon Footprint Factor Data issued by the Ministry of Ecology and Environment of the People's Republic of China. 2. Hong Kong Office Premises: The relevant emission factor data is sourced from the 2024 Sustainable Development Report, the latest sustainable development report published by The Hongkong Electric Company ("**HK Electric**").	CO_2e (t)	Amount	383	715[2]
			t/HKD'000 Revenue	Intensity	0.0080	0.0102
	Total		**CO_2e (t)**	**Amount**	**3,399**	**4,103**
			t/HKD'000 Revenue	**Intensity**	**0.0711**	**0.0586**

Our Methodology	
Standards Applied	GHG Protocol: A Corporate Accounting and Reporting Standard (2004)
Measurement Approach	Financial Control Approach, as the Group holds ownership rights that enable it to directly influence and mitigate all GHG emissions from the relevant operations.
Operational Boundary	The operational boundary covers the Group's operational headquarters in Hong Kong, industrial headquarters in Mainland China, and six operating entities incorporated in Mainland China, namely: Ever Source Science and Technology Development Group Co., Ltd; Beijing Ever Source Environmental System Equipment Installation Engineering Co., Ltd; Beijing Ever Source Geothermal Energy Heating and Cooling Technology Service Co., Ltd; Beijing Ever Source Geothermal Energy Heat Source System Co., Ltd; HYY Investment Management Co., Ltd; Weiyun (Beijing) Heat Pump Heating and Cooling Big Data Service Co., Ltd.

Notes:

1. The Scope 1 CO_2e data presented by the Group in its 2024 ESG Report was calculated in accordance with the China Energy Consumption GHG Protocol Tool. The reported Scope 1 CO_2e was 14 tonnes, with refrigerants excluded from the calculation scope.

2. The Scope 2 CO_2e data presented by the Group in its 2024 ESG Report was calculated in accordance with the China Energy Consumption GHG Protocol Tool.

The calculation of the Group's Scope 1 and Scope 2 GHG emissions for the Year 2025 is summarised in Table 3 below.

Table 3: Overview of Scope 1 GHG Emissions Calculation

Source	Type	Activity Data	CO_2e Emissions (Tonnes)	Calculation Process and Basis
Calculation of Scope 1 GHG Emissions				
The relevant data is obtained from the fuel consumption volume of mobile combustion sources[3]	Gasoline[1]	14,635 L	33.70	CO_2e Emissions = ((14,635 L × 2.288 kg CO_2/L × 1) + (14,635 L × 0.00033 kg CH_4/L × 28) + (14,635 L × 0.00002 kg N_2O/L × 265)) × 0.001 t/kg ≈ 33,697.67 kg CO_2e × 0.001 t/kg ≈ 33.70 t CO_2e
	Diesel[2]	1,932 L	5.65	CO_2e Emissions = ((1,932 L × 2.910 kg CO_2/L × 1) + (1,932 L × 0.00039 kg CH_4/L × 28) + (1,932 L × 0.00002 kg N_2O/L × 265)) × 0.001 t/kg ≈ 5,652 kg CO_2e × 0.001 t/kg ≈ 5.65 t CO_2e

Source	Type	Activity Data	CO_2e Emissions (Tonnes)	Calculation Process and Basis
the refrigerant quantity calculated based on fugitive emissions caused by intentional or unintentional leaks	HCFC-22[3]	1,271.2 kg	2,237.31	CO_2e Emissions = ((681 (refrigerant inventory at the start of the reporting period) + 1,725.2 (refrigerant added during the reporting period) – 862.6 (refrigerant disposed of/recovered in an environmentally responsible manner during the reporting period) – 272.4 (refrigerant inventory at the end of the reporting period)) × 1,760 ≈ 1,271.2 × 1,760 × 0.001 t/kg ≈ 2,237.31 t CO_2e
	R410A[4]	80 kg	138	CO_2e Emissions = ((180 (refrigerant inventory at the start of the reporting period) + 200 (refrigerant added during the reporting period) – 150 (refrigerant disposed of/recovered in an environmentally responsible manner during the reporting period) – 150 (refrigerant inventory at the end of the reporting period)) × 1,725 = 80 × 1,725 × 0.001 t/kg = 138 t CO_2e
	HFC-134A[3]	462.4 kg	601.12	CO_2e Emissions = ((353.6 (refrigerant inventory at the start of the reporting period) + 380.8 (refrigerant added during the reporting period) – 272 (refrigerant disposed of/recovered in an environmentally responsible manner during the reporting period) – 0 (refrigerant inventory at the end of the reporting period)) × 1,300 = 462.4 × 1,300 × 0.001 t/kg = 601.12 t CO_2e
Total			**3,015.78**	
Calculation of Scope 2 GHG Emissions				
Relevant Data on Purchased Electricity	Electricity[5]	661.952 MWh	382.75	CO_2e Emissions = 646.805 MWh × 1,000 kWh/MWh × 0.5777 kg CO_2e/kWh × 0.001 t/kg + 15.147 MWh × 1,000 kWh/MWh × 0.60 kg CO_2e/kWh × 0.001 t/kg ≈ 373,659 kg CO_2e × 0.001 t/kg + 9,088 kg CO_2e × 0.001 t/kg ≈ 382.75 t CO_2e

Notes:

1. Pursuant to the cross-industry tool under the GHG Protocol, the Group has obtained the emission factors per litre of gasoline for CO_2, CH_4 and N_2O, which are 2.288 kg CO_2/L, 0.00033 kg CH_4/L and 0.00002 kg N_2O/L respectively.

2. Pursuant to the cross-industry tool under the GHG Protocol, the Group has obtained the emission factors per litre of diesel for CO_2, CH_4 and N_2O, which are 2.910 kg CO_2/L, 0.00039 kg CH_4/L and 0.00002 kg N_2O/L respectively.

3. In accordance with the IPCC Fifth Assessment Report (AR5) 2013, the Group has adopted the following GWP values: CH_4 = 28, N_2O = 265, HCFC-22 = 1,760, HFC-134A = 1,300.

4. Pursuant to the cross-industry tool under the GHG Protocol, the Group has obtained the GWP value of 1,725 for R-410A.

5. For the Beijing office premises, the carbon footprint factor adopted is 0.5777 kg CO_2e/kWh, sourced from the 2024 National Power Carbon Footprint Factors issued by the Ministry of Ecology and Environment of the People's Republic of China. For the Hong Kong office premises, the CO_2e emission factor adopted is 0.6 kg CO_2e/kWh, sourced from the 2024 Sustainable Development Report published by the HK Electric.

The hazardous waste generated by the Group mainly includes waste batteries, waste fluorescent tubes and waste ink cartridges, while the non-hazardous waste mainly consists of general solid waste (sent to landfills) and paper. Details of the relevant emission data are summarised in Table 4 below.

Table 4: Overview of Hazardous and Non-hazardous Waste

Category		Unit		2025	2024
A1.3 Hazardous Waste Produced	Batteries (Recycled)	g	Amount	966	1,380
		g/HKD'000 Revenue	Intensity	0.020	0.020
	Fluorescent tubes	g	Amount	5,550	9,000
		g/HKD'000 Revenue	Intensity	0.116	0.129
	Used Toner Cartridges (Recycled)	g	Amount	500	200
		g/HKD'000 Revenue	Intensity	0.010	0.003
	Total	**g**	**Amount**	**7,016**	**10,580**
		g/HKD'000 Revenue	**Intensity**	**0.146**	**0.152**
A1.4 Non-hazardous Waste Generated	General Solid Waste (Delivery to Landfills)	t	Amount	22	18
		t/HKD'000 Revenue	Intensity	0.0005	0.0001
	Paper	t	Amount	0.600	0.654
		t/HKD'000 Revenue	Intensity	< 0.0001	< 0.0001
	Total	**t**	**Amount**	**22.600**	**18.654**
		t/HKD'000 Revenue	**Intensity**	**0.0005**	**0.0001**

Notes:

1. The above contents have been prepared in accordance with the Guidance on Reporting of Environmental Key Performance Indicators in Appendix II to How to Prepare ESG Reports issued by the HKEx.

2. The data presented by the Group in its 2024 ESG Report includes 60 batteries (recycled), 60 fluorescent tubes and 10 used toner cartridges (recycled).

A1.5 Emission Targets and Implementation Steps

1. Target Completion Status for the Year 2025

In the year 2024, the emission reduction target for the Year 2025 was set at 2%–5% below the year 2024 level. Among them, the air emissions target was not achieved, while the GHG emissions target was met. The specific completion status is set out below:

(1) Air Emissions: Compared with the year 2024, the Group's total air emissions increased by 94.12%, of which SO_X emissions rose by 93.93%, NO_X emissions increased by 140.00%, and PM emissions went up by 95.74%. In the Year 2025, along with the expansion of the Group's business scale, the usage frequency of official and operational vehicles increased, driving a 174.43% year-on-year rise in gasoline consumption, which directly contributed to the growth of air emissions.

(2) GHG Emissions: The Group's total GHG emissions reached 3,399 tonnes of CO_2e. Scope 1 emissions stood at 3,016 tonnes of CO_2e, representing a 10.98% decrease from the year 2024. This was attributable to the higher application ratio of environmentally friendly refrigerants and strengthened refrigerant recovery efforts. Specifically, combined emissions from the three types of refrigerants (HCFC-22, R410A and HFC-134A) totaled 2,976.43 tonnes of CO_2e (accounting for 98.69% of Scope 1 emissions), coupled with 39.35 tonnes of CO_2e from mobile combustion sources (gasoline and diesel consumption). Scope 2 emissions were 383 tonnes of CO_2e, with purchased electricity consumption up by 4.38%. Despite the slight growth in electricity usage, the Group scaled up green electricity procurement, optimized its power consumption structure, combined with the rising share of renewable energy in the power supply of the regional grids where the Group operates, which effectively controlled the carbon emission intensity per unit of electricity.

2. Steps Taken to Achieve the Year 2025 Targets

Step 1: Compile an emission source inventory, identify core links, including mobile combustion sources, electricity consumption and refrigerant usage, establish classified ledgers, and define key control priorities.

Step 2: Implement the established measures, promote green business travel, and pilot the electrification replacement of construction machinery.

Step 3: optimize the existing ledgers and tracking mechanisms, integrate data on fuel and electricity consumption as well as emissions, and strengthen the early warning and rapid response to abnormal emissions through regular comparative data analysis.

Step 4: Conduct an assessment of emission reduction effectiveness at the end of the year, analyse the reasons for failure to meet the targets, inspect key issues such as refrigerant leaks, and provide a basis for subsequent adjustments.

3. Targets and Measures for the Year 2026

The target for the year 2026 is set at a 2% reduction compared with the Year 2025 level. The specific implementation measures are set out below:

(1) Promote the application of fully enclosed geothermal energy collectors and expand the deployment of ground source heat pump systems;

(2) Roll out BIM (Building Information Modelling) digital management, upgrade the Weiyun (Beijing) Big Data Platform, and improve system energy efficiency;

(3) Establish a full-process ledger for refrigerants, promote the use of environmentally friendly alternative refrigerants, and standardise the 100% recovery of refrigerants;

(4) Procure municipal grid green electricity, and further advance the electrification upgrade of construction machinery.

A1.6 Handling of Hazardous and Non-hazardous Waste

1. Waste Handling Methods

The Group delivered solid performance in the handling of hazardous and non-hazardous waste in the Year 2025, the, with the key measures implemented as follows:

(1) Closed-loop management and control, plus source reduction for hazardous waste: The Group has established a "centralised procurement – standardised issuance and usage – designated recycling" mechanism, with all hazardous waste disposed of by professionally qualified institutions. It prioritises the procurement of environmentally friendly alternative products, and has improved its management ledger to ensure full traceability and verifiability of relevant data;

(2) Sorted recycling and circular utilisation for non-hazardous waste: The Group has deepened the rollout of paperless office operations, promoted duplex printing for informal documents, and expanded the application of electronic approval and digital documentation. It has also optimized the sorting of construction waste and the circular utilisation of recyclable materials, to achieve steady management and control of waste generation intensity per unit of revenue.

2. Waste Reduction Target Completion Status for the Year 2025

In the year 2024, the Group set a waste reduction target for the Year 2025 to optimize waste management through measures including energy and water conservation, energy substitution and other relevant initiatives. The Group delivered remarkable overall waste reduction performance in the Year 2025, and successfully upgraded its Wastewi$e certification from the Basic Level to the Excellent Level. The specific data is set out below:

(1) Hazardous Waste: For the Year 2025, the Group's total hazardous waste generated amounted to 7,016 grams, representing a significant 33.69% decrease compared with the year 2024. Among this, waste batteries generation fell by 30%, waste fluorescent tubes generation dropped by 38.33%, achieving notable volume reduction, while the growth of waste toner cartridges generation was well controlled;

(2) Non-hazardous Waste: For the Year 2025, the Group's total non-hazardous waste generated amounted to 22.600 tonnes, representing an increase of approximately 21.20% compared with the year 2024. Among this, general solid waste generation rose by 22.22%, which was in line with the expansion of the Group's business scale; paper waste generation stood at 0.600 tonnes, down by 8.26%, achieving effective volume reduction.

3. Steps Taken to Achieve the Year 2025 Waste Reduction Targets

Step 1: Compile a waste inventory, clarify the categories of hazardous waste (including waste refrigerants, waste batteries, waste fluorescent tubes, waste ink cartridges, and construction oily waste) and non-hazardous waste (including general solid waste and paper), and establish a classified management ledger.

Step 2: Implement the established measures set for the year 2024. For office areas, promote the reduction of non-essential printing and strengthen staff awareness campaigns on consumption reduction; for construction sites, install sedimentation tanks and recharge systems, and optimize the control of groundwater circulation for shallow geothermal energy utilisation.

Step 3: Upgrade the existing ledgers and tracking mechanisms, integrate data on waste generation, circulation and disposal, conduct regular comparative analysis, and enhance traceability management and response to abnormal conditions.

Step 4: Conduct an assessment of management and control effectiveness at the end of the year, review the performance against waste reduction certification standards, identify weak links in management, and provide a basis for the optimisation of subsequent measures.

4. Waste Reduction Targets and Measures for the Year 2026

The target for the year 2026 is set to keep the total volume of hazardous and non-hazardous waste under incremental control, achieve continuous reduction in paper waste, and maintain the Excellent Level of Wastewi$e certification. The specific implementation measures are set out below:

(1) Further advance closed-loop management and control, optimize the "centralised procurement – standardised issuance and usage – designated recycling" mechanism, and expand the scope of procurement of environmentally friendly alternative products;

(2) Strengthen the compliance of hazardous waste disposal, ensure all hazardous waste is disposed of by professionally qualified institutions, and improve the full-process traceability ledger;

(3) Promote the sorted recycling and circular utilisation of construction solid waste, and raise the reuse rate of recyclable materials;

(4) Deepen the implementation of paperless office operations, expand the application of electronic approval systems, and reduce paper consumption;

(5) Continuously optimize geothermal energy utilisation systems, improve the integrated management and control of water resources, and enhance the efficiency of energy and resource utilisation.

A2. Use of Resources

The main resources consumed by the Group include electricity, gasoline, diesel and water. The Beijing office premises adopt the Group's single-well circulating heat exchange geothermal energy collection technology to provide heating and cooling for the office building, with only electricity consumed and no consumption of indirectly purchased energy such as central heating or air conditioning services involved. Upholding the resource management philosophy of Conservation First, Circular utilisation, Technology-driven, the Group has formulated a full-process policy for the efficient utilisation of resources, with the specific measures set out below:

Step 1: Drive the rational utilisation of resources through the green transformation of the Group's core businesses.

Step 2: Strengthen the circular utilisation of water resources, promote water-saving technologies and equipment, and ensure the safety and efficiency of water use.

Step 3: Enhance publicity efforts, and provide employees with education on resource conservation awareness and training on consumption control methods.

Step 4: Establish a digital supervision system, improve the utilisation efficiency of various resources through refined operation and maintenance and standardised management, and support the Group's green and low-carbon transformation.

The Group's total direct and indirect energy consumption by type for the Year 2025 is summarised in Table 5 below.

Table 5: Overview of Total Direct and Indirect Energy Consumption by Type

Category			Source of Emission Factors	Unit		2025	2024
A2.1 Direct and Indirect Energy Consumption	Non-renewable Fuel (Direct)	Diesel	Energy Statistics Manual by the International Energy Agency (Appendix III: Units and Conversion Equivalents)	kWh	Amount	20,674	10,789
				kWh/HKD'000 Revenue	Intensity	0.432	0.155
		Gasoline		kWh	Amount	141,837	51,684
				kWh/HKD'000 Revenue	Intensity	2.965	0.742
		Natural Gas		kWh	Amount	0	0
				kWh/HKD'000 Revenue	Intensity	0	0
	Purchase of Energy (Indirect)	Electricity	(N/A)	kWh	Amount	661,952	634,176
				kWh/HKD'000 Revenue	Intensity	13.838	9.108
	Total			**kWh**	**Amount**	**824,463**	**696,649**
				kWh/HKD'000 Revenue	**Intensity**	**17.235**	**9.955**

Note: The above contents have been prepared in accordance with the Guidance on Reporting of Environmental Key Performance Indicators in Appendix II to How to Prepare ESG Reports issued by the HKEx.

The Group's calculation of total direct and indirect energy consumption by type for the Year 2025 is summarised in Table 6 below.

Table 6: Calculation Overview of Total Direct and Indirect Energy Consumption by Type

Source	Type	Activity Data	kWh	Calculation Process and Basis
Non-renewable Fuel (Direct)	Diesel	1,932 L	20,673.95	Conversion of 1,932 L of diesel to kWh: 1,932 (L) ÷ 1,185 (L/t) × 45.66 (GJ/t) × 277.778 ≈ 20,673.85 (kWh)
	Gasoline	14,635 L	141,836.97	Conversion of 14,635 L of gasoline to kWh: 14,635 (L) ÷ 1,350 (L/t) × 47.10 (GJ/t) × 277.778 ≈ 141,836.97 (kWh)
	Natural Gas	0 m^3	–	–
Total			**162,510.92**	

Note: The Group has obtained the conversion factors from the Energy Statistics Manual issued by the International Energy Agency (IEA) (Appendix III: Units and Conversion Equivalents).

NRF (Non-renewable Fuel) – Flammable Fuel	L/t	Gross Calorific Value (GJ/t)
Diesel	1,185	45.66
Motor Gasoline	1,350	47.10
Natural Gas	0.001	40.00

1 GJ = 277.778 kWh

The Group's water consumption for the Year 2025 is summarised in Table 7 below.

Table 7: Overview of Water Consumption

Category		Unit		2025	2024
A2.2 Water Consumption	Water	Amount	t	1,787	2,683
		Intensity	t/HKD'000 Revenue	0.037	0.204

Note: Water consumption is primarily recorded for the Group's office premises in Beijing. For the office premises in Hong Kong, water consumption is centrally controlled by the building property management company, with no individual water meters installed, and thus relevant water consumption data cannot be provided.

A2.3 Energy Use Efficiency Targets and Steps taken to achieve them

1. Target Completion Status for the Year 2025

In the year 2024, the target for the Year 2025 was set to optimize energy utilization efficiency and reasonably control the growth of energy consumption, with specific targets of a 3% reduction in electricity consumption and a 2% reduction in gasoline consumption. The Group failed to meet the target, with details as follows:

(1) Direct Energy: Diesel consumption increased by 91.62%, with the energy intensity rising from 0.155 to 0.432 kWh per HK$1,000 Revenue; gasoline consumption surged by 174.43%, with the energy intensity jumping significantly from 0.742 to 2.965 kWh per HK$1,000 Revenue. The consumption volume and intensity of both energy types rose substantially, failing to meet the preset reduction targets. The core reason is the expansion of the Group's business scale, which has led to a marked increase in the frequency of use of equipment such as diesel generators and official vehicles. Natural gas consumption stood at 0 kWh, remaining unchanged from the year 2024;

(2) Indirect Energy: Purchased electricity consumption increased by 4.38% year-on-year, with the energy intensity rising from 9.108 to 13.838 kWh per HK$1,000 Revenue, thus failing to achieve the 3% reduction target. Notwithstanding this, the growth rate was stable and controllable. Benefiting from the effective implementation of energy-saving measures in office and production processes, the pressure on energy consumption driven by business growth has been effectively offset, and the growth rate of energy consumption is lower than that of business expansion;

(3) Total Energy Consumption: For the Year 2025, the Group's total energy consumption rose by approximately 18.35%, with the overall energy consumption increasing in tandem with business expansion. However, the growth rate of indirect energy consumption was relatively moderate, which reflects the partial effectiveness of the energy-saving measures implemented by the Group.

2. Steps Taken to Achieve the Year 2025 Targets

Step 1: Compile an energy consumption inventory, clarify the core categories of Direct Energy (Diesel, Gasoline and Natural Gas) and Indirect Energy (Purchased Electricity), establish a classified management ledger, and define key priorities for supervision and control.

Step 2: Implement the established energy-saving measures, including guiding green official travel, piloting the electrification replacement of construction machinery, optimising the actual usable area of office premises, promoting energy-efficient equipment, and conducting energy-saving publicity campaigns, and further advancing the application of geothermal energy collection technology.

Step 3: optimize the existing digital supervision system, integrate data on various types of energy consumption, dynamically monitor changes in consumption volume, and enhance the early warning and rapid response to abnormal energy consumption.

Step 4: Conduct an assessment of energy supervision and control effectiveness at the end of the year, review the performance of energy utilisation, analyse the causes of energy consumption fluctuations, and provide a basis for the optimisation of subsequent measures.

3. Targets and Measures for the Year 2026

In the Year 2025, the target for the year 2026 is set to achieve a 2% reduction in total direct and indirect energy consumption compared with the Year 2025 level. The specific measures are as follows:

(1) Further advance the optimisation of geothermal energy collection technology, upgrade heat exchange materials and pipeline design, and reduce the energy consumption of core business systems;

(2) Implement Green Office Guidelines, standardise the operation criteria for air conditioners, lighting and other equipment, promote the use of low-power mode, and cut ineffective energy consumption;

(3) Fully replace with LED energy-efficient light fixtures and Class 1 energy efficiency equipment, demarcate energy consumption responsibility zones, and incorporate energy-saving targets into departmental performance assessment;

(4) Standardise the fuel consumption and regular maintenance of official vehicles, and encourage employees to adopt green commuting to reduce fuel consumption;

(5) Carry out specialised energy-saving training and themed activities, solicit rational energy-saving proposals from all employees, and enhance the overall energy-saving awareness and implementation effectiveness.

A2.4 Water Use Efficiency Targets and Related Measures

1. Sourcing of Suitable Water Resources

(1) In terms of project water use, water is sourced from compliant groundwater intake points with a stable water supply, and there are no issues of water shortage or difficulty in water abstraction. The Group adopts the single-well circulating heat exchange geothermal energy collection technology, which uses groundwater as the circulating medium to collect shallow geothermal energy and achieves 100% reinjection, realizing heat extraction without water consumption and no pollution;

(2) In terms of office water use, the Group's water supply is mainly derived from municipal public water supply. Specifically, the office premises and project construction sites in Beijing are all connected to the municipal water supply network, with water intake conducted in accordance with actual demand and set quotas. For the office premises in Hong Kong, due to the centralized property management of the building, no individual water meters have been installed separately, and water supply is allocated and provided uniformly by the property management company, making it temporarily impossible to conduct separate and independent metering.

2. Target Completion Status for the Year 2025

In the year 2024, the target for the Year 2025 was set to optimize water use efficiency and reduce water resource consumption. For the Year 2025, the Group's water consumption decreased by 2%, exceeding the target with remarkable control performance. The specific data are as follows:

Total water consumption decreased by 33.40%, far exceeding the preset reduction target, with the details as follows:

(1) In terms of project water use, relying on the 100% reinjection design of the geothermal energy collection technology, the Group has achieved heat extraction without water consumption, effectively controlling groundwater consumption. The Group strictly complies with the Implementation Measures for the Pilot Reform of Water Resource Tax in Beijing, paying the water resource tax at a rate of RMB0.8 per 1,000 cubic metres and enjoying preferential policies, thus ensuring compliant and highly efficient water use;

(2) In terms of office water use, through the popularisation of water-saving equipment, the enhancement of company-wide water-saving publicity, and coupled with the implementation of water-saving measures in construction areas, water consumption has declined steadily and the overall water use efficiency has been substantially improved.

3. Steps Taken to Achieve the Year 2025 Targets

Step 1: Compile a water consumption inventory, clarify the two core categories of Project Water Use (Groundwater) and Office Water Use (Municipal Water Supply), establish a classified management ledger, and define key supervision and control priorities, including circulating water for geothermal energy collection and daily office water use.

Step 2: Implement the established water-saving measures, including standardising the processes for groundwater circulation and reinjection at the project level; promoting environment-friendly water-using equipment and enhancing water-saving publicity among employees at the office level; and installing sedimentation tanks and reinjection systems in construction areas.

Step 3: optimize the existing digital supervision system, integrate data on project groundwater circulation volume and office water consumption volume, dynamically monitor changes in water consumption, and enhance the early warning and rapid response to abnormal water use.

Step 4: Conduct an assessment of water supervision and control effectiveness at the end of the year, review the performance of water resource utilisation, analyse the causes of fluctuations in water consumption, and provide a basis for the optimisation of subsequent measures.

4. Targets and Measures for the Year 2026

The target for the year 2026 is set to achieve a 2% reduction in water consumption compared with the Year 2025 level. The specific measures are as follows:

(1) Project Water Use: optimize the control of groundwater circulation volume by adopting intermittent operation on holidays and timed operation at night to reduce the circulation volume; continue to ensure 100% groundwater reinjection and further tap the water-saving potential of geothermal energy collection technology;

(2) Office Water Use: Upgrade water-saving equipment in office areas and standardise water use procedures; demarcate water use responsibility zones to cut ineffective water consumption;

(3) Compliance Supervision and Control: Strictly comply with the laws and regulations related to water resource protection to ensure the compliance of the entire water use process;

(4) Publicity and Training: Conduct specialised water-saving training and themed activities to enhance the overall water-saving awareness of the staff and promote the sustainable use of water resources.

A2.5 Total Packaging Materials Used for Finished Products

The Group is a professional system service provider in the field of clean and intelligent heating, integrating scientific research and development, planning and design, shallow geothermal energy collection, heat pump manufacturing, system engineering installation, system operation services and operation and maintenance support. The Group's business focuses on core technology R&D, system integration and brand services. Heat pump manufacturing is entrusted to two joint ventures (Beijing Yongyuan Heat Pump Co., Ltd. and Hongyuan Ground Energy Heat Pump Technology Co., Ltd.) for OEM production (the business of the joint ventures is not within the scope of this report), and the Group is not involved in any specific product packaging process.

A3. The Environment and Natural Resources

The Group focuses on utilizing shallow geothermal energy to provide heating for buildings. By applying shallow geothermal energy extraction and heat-exchange technologies, we convert low-grade renewable shallow geothermal resources into an alternative source of heating energy. In northern heating regions, the Group has achieved combustion-free and zero-emission heating solutions, with no pollution or adverse impact on the environment or groundwater resources. The Group has achieved combustion-free and zero-emission operations in the heating regions of northern China, with no pollution or environmental damage to the environment and groundwater resources. The Group's "air-source heat pump + solar thermal" technology has realised multi-energy complementation. Its main feature is that it makes full use of solar thermal energy for heating during the daytime, and adopts air-source heat pumps to guarantee heating supply at night, thereby greatly saving heating operation costs and reducing energy consumption.

Projects using the Group's system products will greatly reduce the consumption of natural resources such as coal and natural gas during use, while reducing the emission of related waste and reducing the impact on the environment during the operation of the project.

The Group's business promotion process and related project implementation activities will produce a certain amount of domestic sewage and waste gas emissions, but only during the construction process of related projects, and the related emissions are relatively small. Although the amount of discharge is small, we also implement the relevant strict discharge regulations. For the relevant sewage, the Group requires that the sewage must be treated timely by facilities such as secondary sedimentation tanks on site, and then discharged to the municipal sewage network through the compliant sewage discharge facilities. For the relevant exhaust gases, the Group requires the use of equipment with low emissions that meet environmental protection requirements, and the purification treatment of exhaust gases to meet the emission standards stipulated by the state before discharge. In addition, the Group gradually increases the use of electric and gas equipment for construction machinery and equipment, and tries not to use fuel equipment to avoid exhaust emissions and further reduce the impact on the environment.

A4. Climate Change

The Group regards climate change response as a key environmental priority, and mitigates the climate impact of its operational activities through measures including renewable energy substitution, energy conservation and emission reduction, and energy efficiency improvement. As a fundamental environmental pillar for human survival, the climate and its changes exert far-reaching impacts on both natural ecosystems and socioeconomic systems, with global warming having already caused ecological

disruptions across multiple regions. The Group closely monitors the impacts of climate change on the heating industry, and dynamically adjusts its industry layout and business development strategy in a timely manner with reference to scientific analysis and research from domestic and international experts. Meanwhile, the Group applies the "climate compensation" theory, and leverages weather forecast data to adjust the operational parameters of its equipment, so as to improve unit efficiency and achieve energy and consumption reduction.

1. Physical Risks: The frequency and intensity of extreme weather events such as typhoons and heavy rains are increasing.

(1) It may lead to damage to equipment and buildings, increasing maintenance costs;

(2) It may disrupt the supply of electricity and water resources, affecting business operations;

(3) It may interfere with transportation services, resulting in unstable material supply and price fluctuations.

2. Transition Risks: Tighter environmental regulations and standards.

(1) Higher upfront costs for eco-friendly materials in new projects, and equipment upgrades may require additional investment;

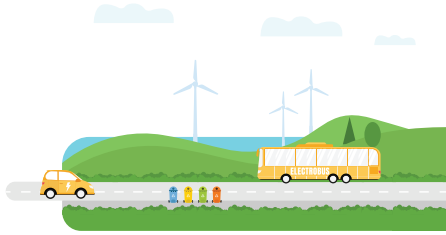
(2) Additional costs may arise if legacy equipment cannot use environmentally friendly refrigerants during the renovation of existing projects.

3. Market & Competitive Risks.

(1) Shifting customer preferences toward green solutions;

(2) Policy-driven market uncertainties.

The Group recognises the long-term risks of climate change and is committed to analysing and identifying these risks and their potential impacts. To enhance our resilience, we will conduct climate scenario analysis, identify physical and transition risks, and adapt strategies. We have taken actions to address transformation risks, including regularly monitoring the environment and product markets, ensuring compliance with customer and regulatory requirements, implementing resource conservation measures, exceeding compliance standards, and enhancing investor and stakeholder confidence. While extreme weather, environmental regulatory changes and customer preferences are not expected to have a material adverse impact on our operations, we will continue to monitor climate-related risks and take steps to mitigate potential physical and transition risks.



09 SOCIAL RESPONSIBILITY

B1 Employment

The Group regards talent as its core asset and strictly complies with the labour laws and regulations of the jurisdictions in which it operates, including the Employment Ordinance, Minimum Wage Ordinance, Mandatory Provident Fund Schemes Ordinance and Occupational Safety and Health Ordinance of Hong Kong, as well as the Labour Law and Labour Contract Law of the Chinese mainland. The Group has formulated the Employee Handbook and Compilation of Management Standards, which cover systems relating to remuneration, attendance, performance, rewards and penalties, and skill subsidies; these documents are updated on a regular basis to ensure ongoing compliance with applicable laws and regulations.

In terms of remuneration, the Group formulates its remuneration structure based on factors including job grade, seniority, skills and performance, and handles dismissal matters in accordance with statutory procedures, with any unlawful or unreasonable dismissal practices strictly prohibited. Recruitment and promotion adhere to the principle of equal opportunity, with no discrimination against applicants or employees on the grounds of race, gender, age, religion, marital status or other such factors. The recruitment process includes qualification review, professional competency assessment and line manager interviews, ensuring fair and transparent recruitment criteria; the promotion mechanism integrates business needs, employee performance and professional competencies, safeguarding development opportunities for outstanding employees.

Working hours and leave arrangements are strictly in compliance with local regulations. In addition to statutory holidays, employees are entitled to additional leave including marriage leave, maternity leave and compassionate leave. The Group implements a diversity and anti-discrimination policy and complies with relevant regulations including the Sex Discrimination Ordinance, Disability Discrimination Ordinance and Race Discrimination Ordinance of Hong Kong, as well as the Law of the People's Republic of China on the Protection of Rights and Interests of Women, fostering an inclusive and respectful working environment. Diversity policies are implemented at both the board and employee levels to ensure an appropriate balance in terms of skills, experience and professional backgrounds.

In terms of employee benefits, the Group contributes to the five social insurances and the housing provident fund for employees in the Chinese mainland and the Mandatory Provident Fund (MPF) for employees in Hong Kong in accordance with the law. It also provides supplementary medical insurance, festival subsidies, condolence payments and a variety of employee activities, with a view to enhancing employee satisfaction and a sense of belonging.

The Group's workforce profile classified by gender, employment type, age group and geographical region for the Year 2025 is summarised in Table 8 below.

Table 8: Summary of Employee Information by Gender, Type of Employment, Age Group, Geographical Region

Index		Unit	2025	2024
B1.1	Total workforce	No. of Employees	193	193
	Total workforce by gender			
	Male	No. of Employees	157	156
	Female	No. of Employees	36	37
	Total workforce by employment type			
	Full-time	No. of Employees	171	171
	Part-time	No. of Employees	22	22
	Total workforce by age group			
	Age below 30	No. of Employees	3	1
	Age 30-39	No. of Employees	24	27
	Age 40-49	No. of Employees	43	48
	Age 50-59	No. of Employees	80	80
	Age above 60	No. of Employees	43	37
	Total workforce by geographical region			
	Mainland China	No. of Employees	172	175
	Hong Kong	No. of Employees	21	18

Note: The above content has been prepared based on Appendix III – Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

The Group's turnover rates by gender, age group and geographical region for the Year 2025 are summarised in Table 9 below.

Table 9: Summary of Employee Turnover Rates by Gender, Age Group and Geographical Region

Index		Unit	2025	2024
B1.2	Total employee turnover rate	%	14.60	17.52
	Employee turnover rate by gender			
	Male	%	13.74	17.89
	Female	%	18.18	15.90
	Employee turnover rate by age group			
	Age below 30	%	0.00	75.00
	Age 30-39	%	17.24	6.90
	Age 40-49	%	8.51	12.73
	Age 50-59	%	13.98	13.04
	Age above 60	%	20.37	31.48
	Employee turnover rate by geographical region			
	Mainland China	%	15.27	17.84
	Hong Kong	%	8.70	14.29

Note: The above content has been prepared based on Appendix III – Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

B2 Health and Safety

The Group regards safe operation as a core principle of its business development and strictly complies with the relevant laws and regulations including the Workplace Safety Law of the People's Republic of China, Fire Protection Law of the People's Republic of China, Regulations on Work-related Injury Insurance and the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases. It has designated the principal person-in-charge of each branch as the primary responsible person for safety, ensuring the full implementation of safety responsibilities across the organisation.

The Group has formulated the Safety Management System covering all employees and project sites, and has obtained the ISO 45001 Occupational Health and Safety Management System certification, establishing a systematic and standardised safety management framework. In accordance with the law, the Group provides statutory insurance coverage for employees including medical insurance and work-related injury insurance. It conducts ongoing training on work safety laws and regulations to raise employees' safety awareness, and maintains an open communication mechanism that encourages employees to put forward safety suggestions, so as to effectively protect employees from occupational hazards.

The Group's number and rate of work-related fatalities and lost days due to work injury for the past three years (including the Year 2025) is summarised in Table 10 below.

Table 10: Summary of Information on the Number and Rate of Work-related Fatalities and Lost Days Due to Work Injury

Index		Unit	2025	2024	2023
B2.1	Number of work-related fatalities	No. of Employees	0	0	0
	Rate of work-related fatalities	%	0	0	0
B2.2	Lost Days Due to Work Injury	Days	11	32	91

Note: The above content has been prepared based on Appendix III – Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

B2.3 Occupational Health and Safety Measures and the Corresponding Implementation and Monitoring Methods

The Group provides employees with personal protective equipment (PPE) in compliance with national standards based on job characteristics, and conducts regular inspection and replacement of such equipment. It optimises the production and office environments and dynamically monitors key indicators including ventilation, lighting, noise and dust levels. For personnel engaged in high-temperature work, the Group provides high-temperature allowances and heatstroke prevention medications, and adjusts their work schedules accordingly.

The Group has formulated safe operating procedures and emergency response plans, implements the principle of "employees may only commence on-the-job duties after passing mandatory training", and institutionalises regular occupational safety training. Prior to the commencement of engineering projects, the Group requires all construction contractors to sign Safety Responsibility Letters and Safety Agreements. During the construction phase, full-time safety officers conduct daily inspections of temporary electrical use, working at heights and the use of PPE, and implement on-site supervision for key construction processes. For any potential hazards identified, rectification notices are issued without delay, and follow-up inspections are conducted to verify the completion of rectification works.

The Group also carries out regular and unscheduled inspections on operational projects and warehouses to ensure the timely elimination of potential hazards. Taking the accident incidence rate, hazard rectification completion rate and training coverage rate as its key performance indicators (KPIs), the Group submits regular reports to senior management, with a view to continuously enhancing the standard of the Group's occupational health and safety management.

B3 Development and Training

The Group attaches great importance to talent development, having established a multi-level talent echelon, driving the development of a learning organisation, and strengthening continuous learning and professional advancement. The Group supports employees in enhancing the knowledge and skills required to discharge their job duties through pre-employment training, on-the-job training and encouraging employees to pursue further studies. For new recruits, the Group provides induction training covering corporate culture, business processes, safety requirements and management systems. For existing employees, the Group regularly delivers job-specific professional training, which includes content such as process technology, product knowledge, industry standards and safety specifications, to ensure that employees' capabilities advance in tandem with the Group's development.

For the Year 2025, the Group organised a total of 57 training sessions, covering 1,651 total training attendances with a cumulative training duration of 878 hours. The training content comprised four core modules, namely Management Enhancement, Applied Technology, Fire Safety and Comprehensive Safety, and adopted a diversified delivery model integrating theoretical teaching, practical operation drills and case study discussions. Management training focused on business operation and management, contract standardisation, relevant laws and regulations, and industry trends; Applied Technology training enhanced the practical operation capabilities of frontline employees; Fire Safety training improved employees' emergency response and hazard identification and inspection capabilities; Comprehensive Safety training covered content including the Occupational Health and Safety (OH&S) Management System, risk identification, and special operation management. This training has effectively enhanced employees' professional competencies, safety awareness and job performance in discharging their duties.

The Group's training rates and average training hours completed per employee, broken down by gender and employee category for the Year 2025 are summarised in Table 11 below.

Table 11: Summary of Training Rates by Gender, Type of Employment and Average Hours of Training Completed per Employee

Index		Unit	2025	2024
B3.1	Percentage of trained employees to total workforce	%	88.60	88.60
	Percentage of trained employees by gender			
	Male	%	72.45	80.83
	Female	%	27.55	19.17
	Percentage of trained employees by employee category			
	Senior Management	%	53.51	18.84
	Middle Management	%	34.76	37.68
	Non-management	%	11.73	43.48
B3.2	Average training hours completed per employee	Hours	4.55	5.86
	Average completed training hours per employee by gender			
	Male	Hours	3.94	6.20
	Female	Hours	7.09	4.43
	Average completed training hours per employee by employee category			
	Senior Management	Hours	24.42	17.20
	Middle Management	Hours	9.71	9.39
	Non-management	Hours	1.54	4.64

Note: The above content has been prepared based on Appendix III – Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

The Group's Chief Safety Officer delivering work safety standardisation training to members of the management regular meeting

The Group's external legal counsel providing legal training to members of the management regular meeting

The delivery of company-wide fire safety training for all employees

The provision of specialised training on the operation of refrigerant recovery machines and various instruments

B4 Labour Standards

The Group adheres to lawful and compliant employment practices and strictly prohibits child labour and all forms of forced labour. It fully complies with the relevant laws and regulations in the jurisdictions where it operates, including the Labour Law of the People's Republic of China, Provisions on the Prohibition of Child Labour, Law of the People's Republic of China on the Protection of Minors and the Criminal Law of the People's Republic of China, and explicitly stipulates that the recruitment of minors under the age of 16 is prohibited. The Group incorporates compliant employment into its core management requirements, designates the principal person-in-charge of each branch as the primary responsible person for employment compliance, and ensures that all links from system construction, personnel management to implementation and supervision are in strict compliance with legal requirements. For the Year 2025, in view of the nature of the Group's business and the overall low-risk legal environment in its operating jurisdictions, no business segments or suppliers with significant child labour or forced labour risks have been identified. No incidents of child labour or forced labour occurred within the Group for the Year 2025.

B4.1 Avoidance of Child Labour and Forced Labour

The Group has established a stringent recruitment review and verification mechanism, which is administered by the Human Resources Department. The mechanism verifies candidates' age information from multiple dimensions by requiring them to provide valid identity documents and verifying their academic credentials, ensuring that the risk of child labour is eliminated from the source of the recruitment process. All onboarding documents are subject to cross-verification to confirm the authenticity of the information provided. The Group continuously refines its recruitment policies and conducts regular reviews of recruitment processes to ensure that all recruitment activities comply with labour laws and regulations as well as the Group's internal compliance requirements. It also safeguards against potential child or forced labour risks arising from business expansion, role adjustments or regional differences.

B4.2 Steps Taken to Eliminate Non-Compliant Practices

In the event of the discovery of illegal recruitment of minors, the Group shall immediately suspend their work, make appropriate arrangements for them and safeguard their legitimate rights and interests. At the same time, it shall issue a serious warning to the persons directly responsible, circulate a notice of criticism against the person-in-charge of the involved department, and clarify the penalty criteria at the management and operation regular meetings to strengthen the warning effect. The Group shall carry out system rectification in parallel, raise employees' compliance awareness by improving rules and regulations, enhancing compliance training and clarifying penalty criteria, ensure that non-compliant acts are promptly corrected and prevented from recurring, and fundamentally eliminate the risks of child labour and forced labour.

10 OPERATION MANAGEMENT

B5 Supply Chain Management

The Group has established a supply chain management system covering supplier selection, evaluation, procurement execution and ongoing monitoring, in accordance with internal policies including the Procurement Management Policy, Materials Management Policy and Implementation Rules for Materials Quality Inspection, and with reference to the requirements of the ISO 9001 Quality Management System. The Group requires that all equipment, spare parts and materials are supplied by pre-approved qualified suppliers, and has integrated environmental and social responsibility requirements into its supply chain management. This is to ensure the stability of product quality, mitigate operational risks, and drive the supply chain towards green, compliant and sustainable development.

The Group's supplier information for the Year 2025 reporting period is set out in Table 12 below. The Group will continue to optimise its supplier structure to ensure the stability, diversity and controllability of risks in the supply chain.

Table 12: Overview of Total Number of Suppliers by Geographical Region

Key Performance Indicators		Unit	2025	2024
B5.1	**Total Number of Suppliers by Geographical Region**			
	Mainland China	No.	113	69

Note: The above content has been prepared based on Appendix III — Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

B5.2 Practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored

The Group has established a qualified supplier database, in which the Qualified Supplier Review Panel conducts eligibility assessments based on factors including enterprise qualifications, production capacity, quality management systems, environmental performance and integrity records. All suppliers admitted to the database must hold valid business permits and meet the Group's standards in respect of product quality, quantity consistency, pricing norms, communication mechanisms and integrity requirements. In the Year 2025, the Group conducted an annual performance evaluation of all suppliers in the database, and removed those with material deficiencies, so as to maintain the quality and stability of the qualified supplier database.

In the specific procurement process, the Group implements a comparative selection mechanism. The Procurement Department selects at least three candidate suppliers from the qualified supplier database for a comprehensive assessment, and conducts on-site inspections of key suppliers when necessary. In the Year 2025, the Group implemented the comparative selection procedure for suppliers covering major material categories, maintaining a stable cooperative structure with 3 to 5 suppliers for each material category. The Procurement Department continuously monitors suppliers' product quality, delivery capacity and service performance, and conducts quality supervision and satisfaction evaluations for ongoing projects to ensure the overall stable and reliable performance of the supply chain.

B5.3 Practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored

The Group prioritises the selection of enterprises certified under the ISO 14001 Environmental Management System in the supplier evaluation process, and reviews their product inspection reports, environmental compliance status and social responsibility performance. All evaluation comments and supplementary requirements are documented in the Application Form for Qualified Suppliers. The Group conducts regular audits on suppliers' fulfillment of environmental and social responsibilities, and carries out on-site inspections when necessary. This is to ensure that suppliers continuously comply with the Group's environmental and social risk management requirements, and mitigate the overall risks of the supply chain.

B5.4 Practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored

The Group signs the Environmental Protection and Safety Agreement with qualified suppliers on an annual basis, requiring them to strictly comply with relevant laws and regulations including the Environmental Protection Law of the People's Republic of China, Ambient Air Quality Standards, Environmental Quality Standards for Surface Water, Work Safety Law of the People's Republic of China and Road Traffic Safety Law of the People's Republic of China, and to implement the requirements for pollution prevention and control, civilized transportation and work safety. The Group conducts ongoing monitoring of suppliers' environmental performance. Where non-compliant acts are identified, the Group will require rectification within a specified time limit, and shall terminate cooperation with suppliers who refuse to complete the required rectification, so as to drive the overall development of the supply chain towards a green and compliant direction.

B6 Product Responsibility

As an enterprise engaged in the design of shallow geothermal energy systems, equipment manufacturing, engineering construction, and operation and maintenance services, the Group has established a management system covering product quality, engineering safety, advertising compliance, technical document labelling and customer data protection. The Group strictly complies with the Product Quality Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China, Regulation on the Quality Management of Construction Projects, Beijing Municipal Regulation on the Quality of Construction Engineering, as well as relevant engineering quality laws and regulations of the project locations.

The Group implements stringent quality and safety control requirements throughout the entire process of product design, production, installation, commissioning, operation and maintenance. This is to ensure that engineering projects are constructed in accordance with standards and accepted in compliance with specifications, and to provide customers with transparent and timely channels for remedial measures and after-sales services. Through pre-sales consultation, contract performance management, on-site engineering services, after-sales maintenance and follow-up visit mechanisms, the Group continuously safeguards customers' rights and interests, and ensures the safety, reliability and compliance of its products and engineering services.

B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons

Table 13: Percentage of total products sold or shipped subject to recalls for safety and health reasons

Key Performance Indicators		Unit	2025	2024
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	%	0	0

Note: The above content has been prepared based on Appendix III — Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

For the Year 2025, the Group had no product recalls due to safety or health reasons.

B6.2 Number of products and service related complaints received and how they are dealt with.

The Group has set up a 24-hour customer service hotline and dedicated email inbox, with its Heating and Cooling Integrated Operation and Maintenance Centre centrally handling customer enquiries and complaints. The Group implements a dedicated staff follow-up and return visit mechanism to ensure the timely resolution of issues and closed-loop management. All service requests are acknowledged and assigned within 40 minutes. A return visit is conducted within one week after service completion, with a second follow-up visit carried out when necessary.

For the Year 2025, the Group handled a total of 2,092 customer interactions, conducted 3,540 telephone return visits, and achieved a customer satisfaction rate of 99.9%. No product or service-related complaints were received throughout the reporting period.

B6.3 Practices relating to observing and protecting intellectual property rights

The Group has independently developed shallow geothermal energy collection technology, and has obtained 36 invention patents and 10 utility model patents. The Group implements a stringent intellectual property management system, and through legal registration, ongoing monitoring and internal norms, ensures the effective protection of its R&D achievements and guards against infringement risks.

B6.4 Quality assurance process and recall procedures

The Group conducts quality management in accordance with the Hengyouyuan Product Inspection Specification, and implements a general manager accountability system. The quality engineer is responsible for full-process quality control, and the final inspector performs first article inspection, ex-factory inspection and final inspection on off-line products. For products sold, the Group provides inspection, maintenance and replacement services in accordance with contractual agreements: such services are provided free of charge within the warranty period, while material and labour fees will be charged at cost price beyond the warranty period.

In the event of potential product safety hazards, the Group will initiate recall procedures in accordance with national laws and regulations and internal processes, including notifying customers, suspending sales, investigating root causes and implementing corrective measures. In the Year 2025, the Group completed two scheduled special inspections in spring and autumn, achieving a 100% equipment inspection rate and 100% equipment serviceability rate.

B6.5 Consumer data protection and privacy policies, and how they are implemented and monitored.

The Group attaches great importance to the security of customer data, and has formulated stringent archiving management and data usage regulations to ensure that customer information is only used for explicitly authorised business purposes. The Group has established a hierarchical access control management system, which defines the scope of data access and retrieval as well as the division of responsibilities. It also requires all employees to strictly abide by their confidentiality obligations, and prohibits the dissemination of customer information across departments or through unauthorised channels. The Group conducts ongoing monitoring of the internal circulation of information, and regularly carries out data protection-related training and compliance inspections, to prevent data leakage and ensure that customer privacy is effectively protected.

B7 Anti-corruption

The Group strictly complies with the Anti-Corruption Law of the People's Republic of China, Anti-Money Laundering Law of the People's Republic of China, Prevention of Bribery Ordinance of Hong Kong, and relevant laws and regulations of the jurisdictions where it operates. It has established an internal control system covering anti-bribery, anti-extortion, anti-fraud and anti-money laundering, and adheres to a zero-tolerance principle for improper conduct of any form.

The Group ensures the legality, transparency and compliance of its business activities through measures including system development, division of job responsibilities, contractual compliance review, financial approval control, and integrity requirements for suppliers. All employees are required to abide by professional ethics and integrity standards, are strictly prohibited from accepting or providing improper benefits, and are prohibited from seeking personal gains by taking advantage of their official positions.

B7.1 Corruption-related legal cases

Table 14: Status of Concluded Corruption-related Legal Cases Brought Against the Group or Its Employees

Key Performance Indicators		Unit	2025	2024
B7.1	Status of Concluded Corruption-related Legal Cases Brought Against the Group or Its Employees	No.	0	0

Note: The above content has been prepared based on Appendix III — Reporting Guidance on Social Key Performance Indicators to How to Prepare an ESG Report issued by the HKEx.

For the Year 2025, no corruption-related legal cases involving the Group or its employees occurred. Nor were there any investigations or penalties imposed by judicial authorities on the Group or its employees in connection with acts of corruption, bribery or fraud.

B7.2 Preventive measures and whistle-blowing procedures, and how they are implemented and monitored

The Group has established an anti-corruption and integrity risk prevention and control system, and mitigates fraud risks through institutional constraints, process controls, and supervision and inspection. The key measures are as follows:

(1) Internal Control and Risk Prevention: The Group implements hierarchical authorisation management, a dual review mechanism and full process traceability in key links including procurement, contract management, engineering project management and expense reimbursement, to prevent improper transfer of benefits and fraudulent acts.

(2) Whistle-blowing Mechanism: The Group has set up formal written whistle-blowing channels, through which employees can report suspected acts of bribery, fraud and conflicts of interest either anonymously or in their real names. All reports are investigated and handled by the Compliance Department or the management in strict accordance with established procedures, to ensure the full confidentiality of whistle-blowers' identity and information.

(3) Investigation and Disposal: The Group will immediately initiate formal investigation procedures in respect of any identified or suspected misconduct. Where illegal or criminal acts are involved, the Group will promptly report to the relevant regulatory and law enforcement authorities and fully cooperate with the handling process.

(4) Ongoing Supervision: Through internal audits, special inspections and management oversight, the Group regularly assesses integrity risks and continuously improves the relevant systems.

B7.3 Anti-corruption training provided to directors and staff

The Group continuously carries out anti-corruption and integrity education for directors and all employees through a variety of methods, including policy promotion and implementation, themed training sessions, video-based learning, internal communication campaigns, and online and offline assessments. The training content covers requirements relating to anti-bribery, anti-fraud, anti-money laundering, conflicts of interest and whistle-blowing mechanisms. In the Year 2025, the Group organised three legal and compliance training sessions led by the company's in-house and retained lawyers during regular operation and management meetings. It systematically communicated anti-corruption policies and whistle-blowing procedures as a core component of new employee onboarding training and annual compliance education. Meanwhile, the Group distributed anti-corruption training videos to directors, and circulated regular warning cases and integrity reminders on an ongoing basis via internal emails and corporate bulletin boards.

All personnel in key positions completed the relevant training courses in the Year 2025. Online and offline assessments conducted in conjunction with the training content showed that employees' understanding of the Group's anti-corruption policies and whistle-blowing channels was further enhanced, and the Group's integrity culture was continuously consolidated.

B8 Community Investment

Upholding the philosophy of "prioritising people's livelihood and giving back to society", the Group continuously understands the actual needs of the communities where it operates through ongoing community engagement, project implementation and daily services, and fully takes into account the interests of the communities in the course of its business operations. The Group actively fulfils its social responsibilities in areas including heating supply security, emergency services, charitable support and the promotion of green energy, to drive the sustainable development of local communities.

B8.1 Focus Areas of Contribution

Centred on the needs of local communities, the Group has continuously made contributions in the following key focus areas:

(1) Social and Charitable Welfare: Providing assistance during emergency events, and supporting post-disaster relief and community recovery efforts.

(2) Environmental Protection: Promoting the upgrading and application of green heating technologies, and facilitating the deployment of renewable energy in public facilities and community scenarios.

(3) Labour Care and Support: Strengthening organisational support in scenarios including emergency repairs in extreme cold weather and delivery of key milestone projects, to ensure employee safety and sound working conditions.

(4) Health and People's Livelihood Security: Improving the stability and safety of community heating supply through heating system inspection and maintenance, emergency retrofitting, and the upgrade of ageing equipment.

B8.2 Resources Contributed

The Group has contributed various forms of resources to the aforementioned focus areas. Details of which are as follows:

(1) Financial Contribution: Charitable donations of HKD50,000; RMB1.14 million and approximately RMB6.60 million invested in the upgrading and demonstration projects of green heating technologies; RMB191,000 and RMB142,000 invested in maintenance works for people's livelihood security.

(2) Manpower and Time Contribution: The Group organised dedicated teams to carry out round-the-clock construction and emergency repair works for projects including Changchun Beihu, Jin Siji and Tianjin Old Town, to ensure the stable operation of heating systems and deliver timely responses to community needs.

(3) Technical and Engineering Resources Contribution: The Group completed a series of engineering works including extraction well construction, plant room retrofitting, valve replacement and system inspection and maintenance, to improve the safety and environmental performance of energy use in communities.

Silk Banner Awarded by Property Owner, Tianjin Old Town Project

11 REPORT DISCLOSURE INDEX

A Environment

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	Page 20
KPI A1.1	The types of emissions and respective emissions data	Page 21
KPI A1.3	Total hazardous waste produced and intensity	Page 25
KPI A1.4	Total non-hazardous waste produced and intensity	Page 25
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Page 26-27
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	Page 28-30

Aspect A2 Use of Resources

General Disclosure	Policies on the efficient use of resources, including energy water and other raw materials	Page 30
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Page 31-32
KPI A2.2	Water consumption in total and intensity	Page 32
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Page 33-35
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	Page 35-37

KPI A2.5	Total packaging material used for finished products and with reference to per unit produced	Page 37
Aspect A3	**The Environmental and Natural Resources**	
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	Page 38
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Page 38
Aspect A4	**Climate Change**	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Page 38-39
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Page 39

B Social

Employment and Labour Practices

Aspect B1	**Employment**	
General Disclosure	Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Page 40-41
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Page 41-42
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Page 42
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	Page 43

KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Page 43
KPI B2.2	Lost days due to work injury	Page 43
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Page 44
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employee's knowledge and skills for discharging duties at work and description of training activities	Page 45-47
KPI B3.1	The percentage of employees trained by gender and employee category	Page 46
KPI B3.2	The average training hours completed per employee by gender and employee category	Page 46
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	Page 48
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Page 48
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Page 49
Operating Practices		
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain	Page 50
KPI B5.1	Number of suppliers by geographical region	Page 50
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers, where the practices are being implemented, how they are implemented and monitored	Page 51
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Page 51

KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Page 52
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	Page 52
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Page 52
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Page 53
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Page 54
KPI B6.4	Description of quality assurance process and recall procedures	Page 54
KPI B6.5	Description of customer data protection and privacy policies, and how they are implemented and monitored	Page 55
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.	Page 55
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	Page 56
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Page 56-57
KPI B7.3	Describe the anti-corruption training provided to directors and staff	Page 57

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	Page 58
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Page 58
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Page 59

Climate-related Disclosures

KPI 28(a)	Scope 1 greenhouse gas emissions	Page 23-24
KPI 28(b)	Scope 2 greenhouse gas emissions	Page 24-25
KPI 29	The approach it uses to measure its greenhouse gas emissions	Page 22-23