



南方通信
Nanfang Communication

Nanfang Communication Holdings Limited
南方通信控股有限公司

(Incorporated in Cayman Islands with Limited Liability)

Stock Code: 1617

2025

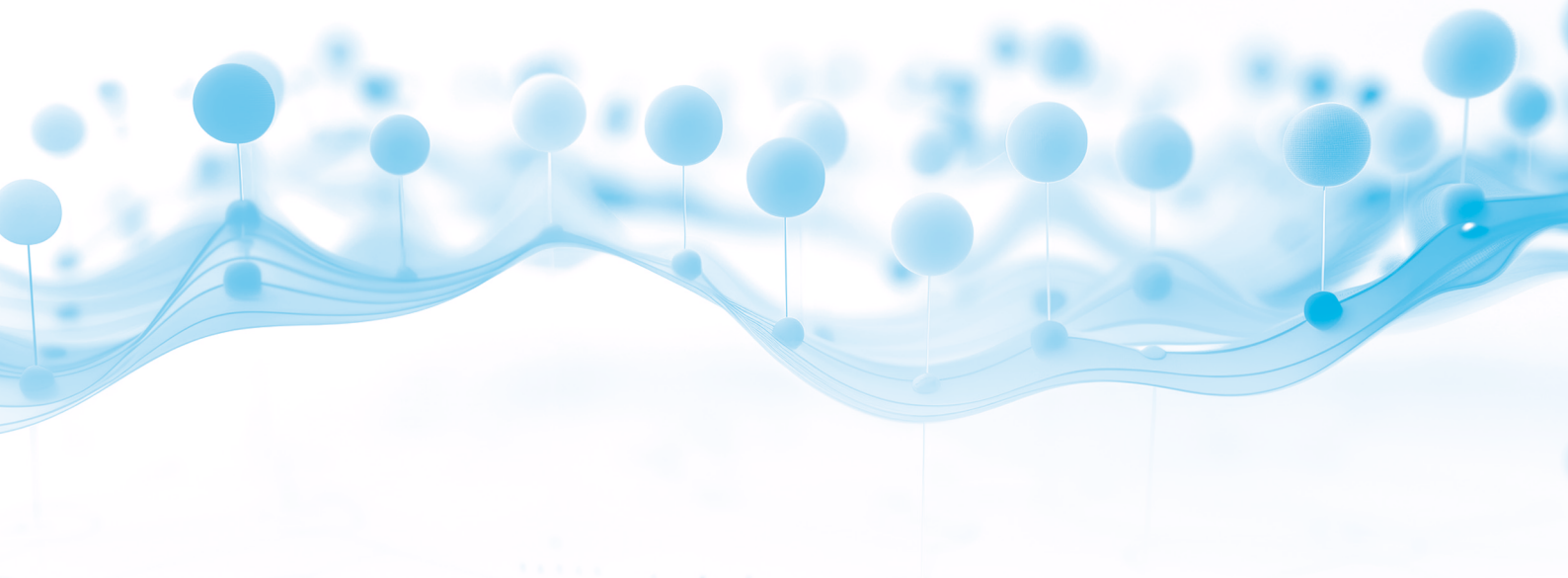
ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

智慧聯接 啟動未來

SMART LINKS START THE FUTURE

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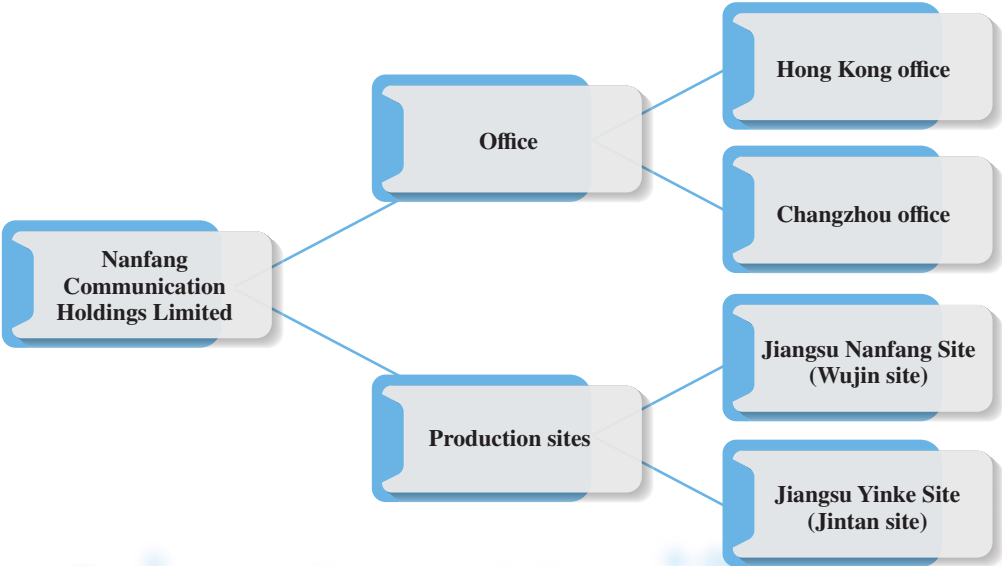
ABOUT THIS REPORT

Nanfang Communication Holdings Limited (the “Company”), together with its subsidiaries, (referred to as “we”, “Nanfang Communication” or the “Group”) is a leading player in the optical fibre cables market in China and a well-established supplier of optical telecommunication products, with the Group’s headquarters based in Changzhou City, Jiangsu Province, China. The Group has long been focusing on the manufacture and sales of a variety of optical fibre cable products, ancillary devices as well as prepainted steel sheets, covering the diverse application needs of the telecommunications industry and other industries. Adhering to the concept of win-win cooperation, we are committed to building stable and long-term trust with industry partners and community stakeholders.

To further demonstrate corporate responsibility, we are pleased to publish the 2025 environmental, social and governance (“ESG”) report (the “Report”), conducting a comprehensive review of the Group’s achievements and measures implemented in the field of ESG for the past year, establishing the long-term vision and core objectives of implementing the sustainable development strategy of the Group. We aim to share our deep commitment to environment protection, social responsibility and corporate governance with the Report, and actively promote the green transformation and continuous development of the industry.

Reporting Scope

The Report describes the Group’s governance approach to ESG matters in detail and focuses on the the Group’s ESG performance from 1 January 2025 to 31 December 2025 (collectively, the “Reporting Period”, “2025” or the “Year”). The Report covers the ESG practices and results of the two production sites located in Wujin and Jintan of Jiangsu Province, the People’s Republic of China (the “PRC” or “China”) and the two offices located in the PRC and Hong Kong. Considering the size of our Hong Kong office and the relatively low distribution of employees and revenue, and in accordance with the principle of materiality, the Group only makes disclosure of key performance indicators (“KPIs”) covers our businesses in the PRC only. All cases and data are from Nanfang Communication. With regards to the reporting framework, unless otherwise stated, the scope of the Report is the same as that of last year. Through such means, the Group strives to ensure the continuity and comparability of the information disclosure, while providing stakeholders with more specific and useful ESG data.



Reporting Standard

The Report has been prepared and presented strictly in accordance with the requirements of Appendix C2 “ESG Reporting Code” (the “ESG Reporting Code”) to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”), ensuring that the contents of the Report conform with the four principles of materiality, quantitative, balance and consistency, as described below:

Reporting principle	Description
Materiality	During the process of preparation of this Report, the Group conducted thorough identification and analysis of ESG issues that are closely relevant to stakeholders and the operation of the Company to ensure that the information disclosed accurately reflects issues that have material impact on the Group and the related parties.
Quantitative	Under the ESG Reporting Code, the Group present our ESG performance by providing measurable environmental and social KPIs. The methods of calculation and assumptions are also described in the paragraphs on KPIs.
Balance	The Group strives to make objective and fair disclosure of information, demonstrating the achievements attained while also openly address challenges and shortcomings, thereby providing stakeholders with a comprehensive and accurate overview of the ESG performance.
Consistency	To ensure the comparability of the of the data disclosed, the scope, methodology and standards of this Report are consistent with last year in terms of the scope of disclosure and calculation method, unless for specific situations that will be described separately.

Reporting Code

This Report has been prepared with the aim of complying with industry standards for sustainability disclosure, while taking into account the industry context and highlighting the Group’s unique characteristics. The relevant standards primarily referenced for 2025 include the following:



Data and information disclosure

This Report has been reviewed by senior management and approved by the Board of the Company to ensure its authenticity, accuracy, and completeness. The data and information for this year's report were primarily collected through the following channels:

- The Group's internal data collection systems and relevant statistical reports
- The Group's quarterly submissions of sustainability practice case studies

Feedback

The Group believes that positive interaction and effective communication with our stakeholders are essential to our sustainable development and that your views and suggestions are valuable in our decision-making and business operations. We endeavour to build trust with communities and formulate business strategies that are in the best interest of stakeholders. Therefore, if you have any comments or suggestions, please feel free to contact us through our email address info@jsnfgroup.com, which will help us optimise our sustainability policy and drive us to move forward in a more sustainable way.

MESSAGE FROM CHAIRMAN

As a publicly listed company in the optical communications sector, we are committed to our mission of “Connecting Everything Optically and Smartly Leading the Future.” We consistently integrate ESG principles into our strategic planning and all aspects of our operations, driving long-term value growth through a sense of responsibility.

On the environmental front, we remain firmly committed to the “Dual Carbon” goals, focusing on green manufacturing and low-carbon technological innovation. We promote energy conservation and emission reduction, the application of clean energy, and full-lifecycle environmental management, leveraging green optical communication solutions to support the low-carbon transformation of digital infrastructure.

In the dimension of social responsibility, we uphold supply chain compliance as well as security and credibility, ensure the stable operation of information infrastructure, support employee development, and actively engage in digital inclusion and public welfare initiatives, working with industrial chain partners to build a responsible ecosystem.

Regarding corporate governance, we adhere to standardized operations, transparency and openness, improve our internal control systems and risk management, and safeguard the interests of shareholders and stakeholders.

Looking ahead, we will continue to use innovation as our wings and responsibility as our foundation. While driving the evolution of optical communication technologies and the high-quality development of the industry, we will pursue a sustainable path characterized by green, low-carbon practices and shared success, contributing to the development of the digital economy and ecological civilization.

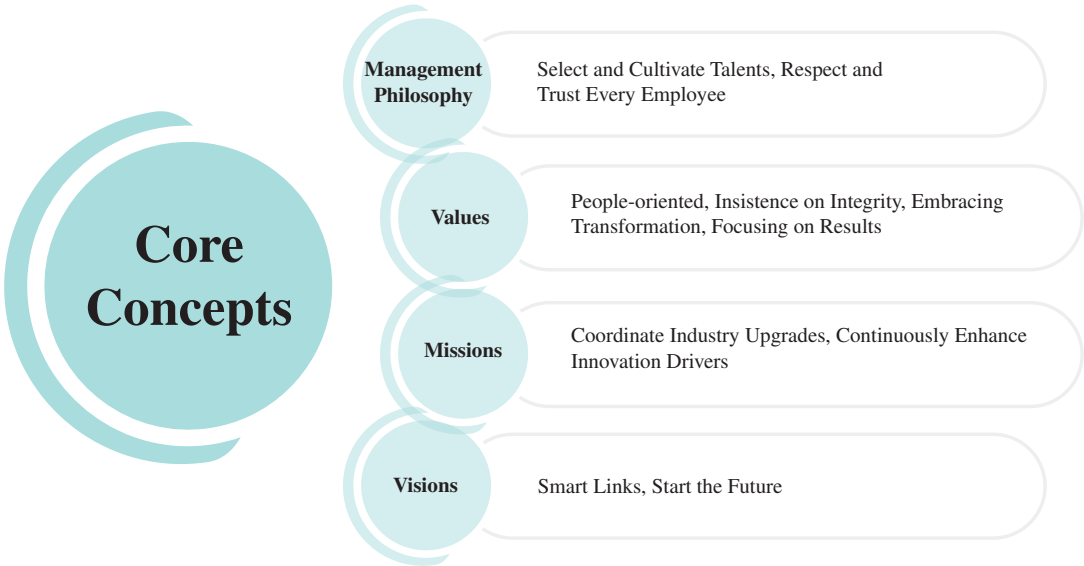
Nanfang Communication Holdings Limited

Yu Rumin

Chairman

SUSTAINABLE DEVELOPMENT

In today’s rapidly evolving business environment, sustainability serves as the foundation for our Group’s steady and long-term development; it is deeply embedded in our corporate culture and has become an indispensable core value. We fully recognize that only by proactively complying with national environmental regulations and establishing sound systems and policies can we continue to advance toward the grand goal of sustainable development. To this end, we remain committed to safeguarding employee health, enhancing energy efficiency in production processes, promoting resource conservation and pollution reduction, and achieving a harmonious coexistence between our enterprise and the environment. At the same time, we place great emphasis on the selection and development of outstanding talent, value the contributions of every employee, and truly incorporate our management philosophy into actions to continuously drive sustainable development.



1. Realizing of Management Philosophy

We place equal emphasis on talent selection and cultivation and are committed to creating a people-oriented work environment. In this environment, employees’ voices are valued, and respect and trust form the cornerstone of teamwork. Through systematic training and development programs, we continuously enhance our employees’ professional capabilities, enabling them to proactively explore and implement innovative solutions when facing environmental challenges.

2. Embodiment of Values

Our people-centered values are concretely reflected in our commitment to integrity and our proactive drive for change. When formulating and implementing environmental policies, we consistently uphold the principle of integrity, ensuring that all actions remain open, transparent, compliant, and orderly. At the same time, we encourage employees to boldly experiment with new methods in their work and continuously optimize production processes to consistently improve performance and efficiency.

3. Missions in Practice

Guided by our mission to “collaborate on industrial upgrading and continuously enhance innovation-driven growth,” we actively partner with industry peers and stakeholders to jointly advance the research and development of green technologies and the implementation of sustainable products. This not only helps us address environmental challenges but also sets a positive example for the industry, inspiring more companies to embark on the path of sustainable development.

4. Guiding Visions

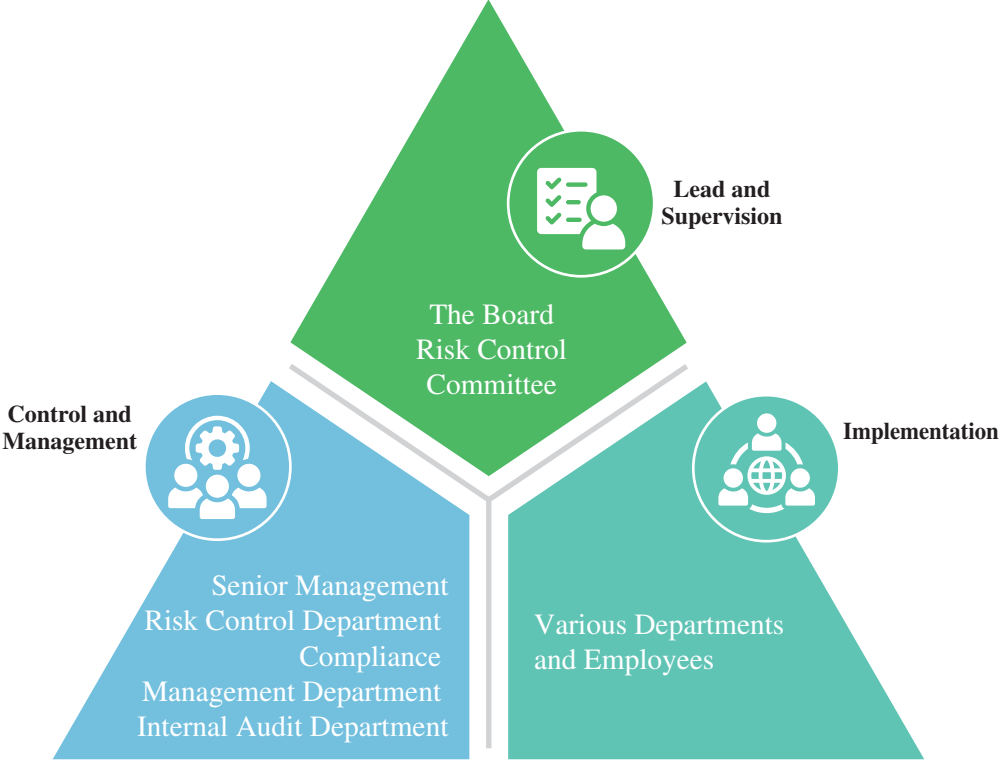
Guided by the vision of ‘SMART LINKS START THE FUTURE’, our Group is committed to creating a future in harmony with the environment. By improving energy efficiency, promoting resource conservation, and controlling pollution emissions, we not only safeguard the health of our employees but also make a positive contribution to the sustainable development of society and the ecological environment.

As one of the leading companies in China’s optical fibre cables market, Nanfang Communication consistently adheres to strict quality control and safety standards to ensure that our products and services meet the highest industry standards. Currently, we have obtained multiple international standard certifications, which signify our excellence across various fields and demonstrate our unwavering commitment and responsibility to our stakeholders. Through these management systems, we consistently ensure the high quality and reliability of our products and services, and earnestly fulfill our responsibilities in environmental protection, employee health and safety, measurement data accuracy, and the security of customer and corporate information.



ESG Governance Structure

The Group has deeply integrated the ESG concepts into the management approach to establish a comprehensive ESG governance structure with clear responsibilities and reporting mechanism at various levels. The Group has integrated climate change governance into its overall ESG governance framework. We are committed to maintaining close communication with all our stakeholders to systematically handle ESG and climate-related issues and effectively manage ESG and climate-related risks. Through such efforts, we aim to achieve significant progress in respect of sustainable development, and ensure that the long-term corporate development goes hand-in-hand with social responsibility. The specific ESG governance structure levels and division of labour are as follows:



The Board, as the top decision-making body for the Group’s ESG management, is responsible for leading all the ESG matters. Its responsibilities include, among others, monitoring and evaluating the effectiveness of our ESG work regularly, ensuring good ESG governance as well as reviewing and approving ESG Reports. In addition, the Board meets the Risk Control Committee on a regular basis to manage various risks (including ESG risks).

The Board has delegated its authority to the management, consisting of the senior management, Compliance Management Department, Risk Control Department and Internal Audit Department respectively. The senior management is responsible for formulating ESG policies and supervising their implementation, reporting to the Board and the Risk Control Committee, as well as organising external professional organisations to conduct evaluation on ESG compliance management on a regular basis, and resolving problems in a timely manner. The ESG Working Group, led by the Internal Audit Department and the Risk Control Department, is responsible for coordinating ESG-related activities and ensuring that ESG-related initiatives and tasks are effectively implemented across all departments and by all staff members. The Risk Control Department assists in the identification, evaluation and management of ESG and climate-related risks. The Internal Audit Department is responsible for conducting regular post-audit review and evaluations on the developing and executing of the mechanism and system of the internal control of the Group, proposing improvement suggestions in respect of internal control deficiencies and urging the relevant responsible departments to make prompt respond for proper subsequent supervision.

The executive level comprises various departments, branches and entire employees that are responsible for providing ESG data and policies, implementing various ESG matters and integrating the sustainable development philosophy. Through such ESG governance structure, the Group ensures the leadership of the Board, the execution of the management and the practical implementation by employees, thereby promoting ESG management and realizing sustainable development targets.

CERTIFICATES AND AWARDS

As a leading supplier of optical communication products in the PRC, Nanfang Communication has been focusing on market demand and seizing any possible opportunity to make targeted innovation and enhance our production capacity, and moves towards the vision of “Forging an Evergreen Enterprise in the Communication Industry”. Nanfang Communication was awarded the honor of the “Top 10 Most Competitive Optic Fibre Cable Corporate in China 2024”. In the same year, we are also awarded the honor of “Industrial Three-Star Enterprise” of Changzhou City, and was honored with the nomination for the “Changzhou City Mayor Quality Award” for the first time. In addition, Jiangsu Yingke Communication Technology Company Limited, a subsidiary of the Group, was nominated by Changzhou City for five-star up-cloud enterprise rating in 2023, and was consecutively honored with such rating in 2024. On the other hand, Jiangsu Nanfang Communication Technology Company Limited of the Group is honored with the sixth batch of National Specialized and New “Small Giant”, and selected as one of the Advanced Smart Factories in Jiangsu Province for 2025. Other certificates and awards we have received include:



Certificate of High-and New-Technology Enterprise (Wujin site)



Certificate of High-and New-Technology Enterprise (Jintan site)



Certificate of Enterprise Credit AAA Grade



Certificate of "Specialized and New" Small and Medium-Sized Enterprise in Jiangsu Province



Integration of Informationization and Industrialization Management System Certificate



Jiangsu Premium Brand Certification



CNAS Laboratory Accreditation Certificate

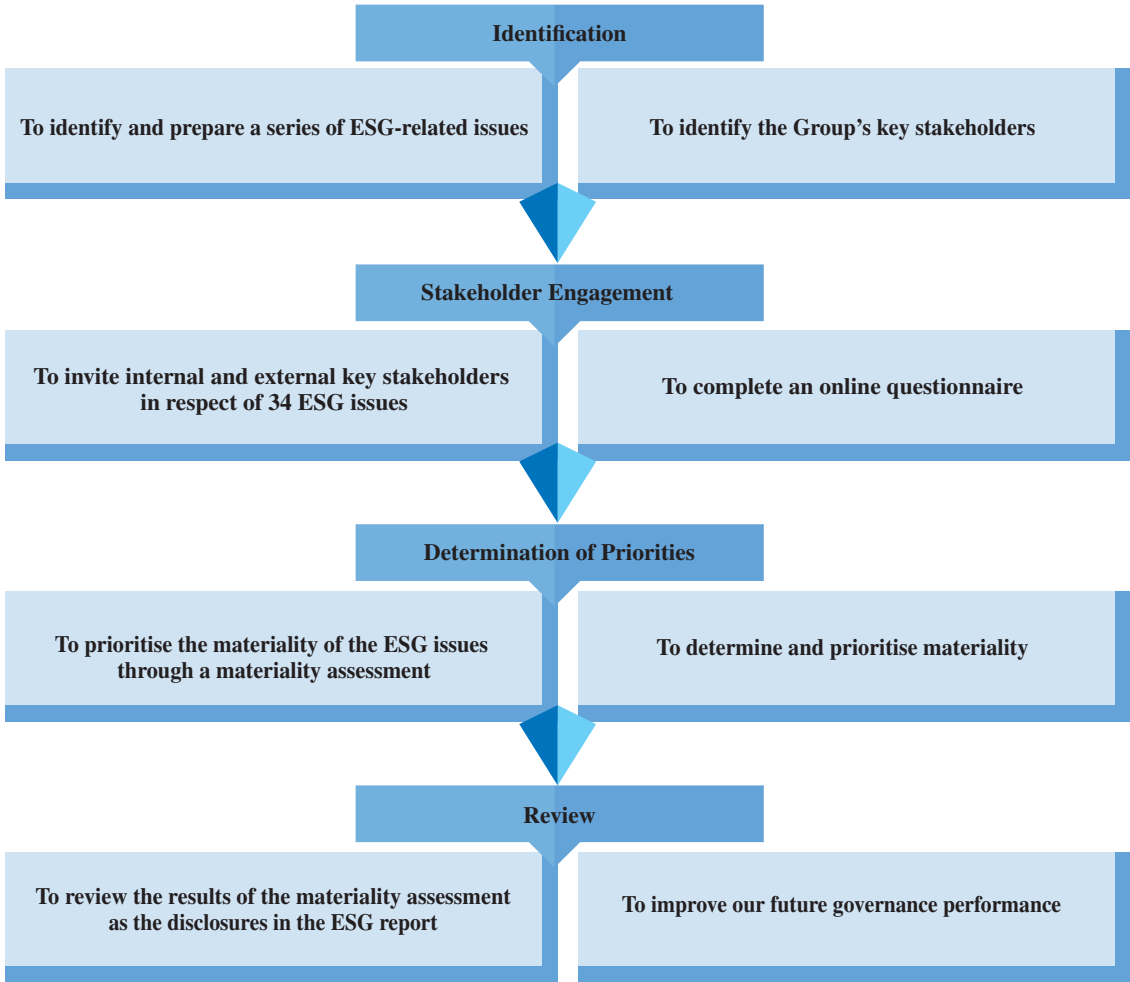
STAKEHOLDER ENGAGEMENT

The Group acknowledges that stakeholder engagement is essential to ESG management, so it endeavors to establish open channels of communication to understand their concerns and views, and will, where practicable, incorporate the feedbacks received into the ESG strategy of the Group. The table below summarises our engagement with key stakeholders during the Reporting Period:

Stakeholder groups	Major concerns	Communication channels
Investors and shareholders	<ul style="list-style-type: none"> • Compliance operation • Risk management • Economic performance 	<ul style="list-style-type: none"> • Company website • Meetings, investor hotline • Annual general meeting • Annual and interim reports
Customers	<ul style="list-style-type: none"> • Protection of customers' privacy • Quality of products • Health and safety 	<ul style="list-style-type: none"> • Phone enquiries about quality consistence • Customer service communication • Customer information and privacy communication • Customer satisfaction surveys
Employees	<ul style="list-style-type: none"> • Employees' interests • Employees' health and safety • Employees' training and development • Good working environment 	<ul style="list-style-type: none"> • Regular general management meetings • Meetings such as coordination meetings and regular quality management meetings • Training • Intranet, telephone • Regular performance appraisals • Team-building activities • Comment boxes, Bulletin board
Suppliers and business partners	<ul style="list-style-type: none"> • Business integrity and ethics • Fair competition • Mutual benefit 	<ul style="list-style-type: none"> • Tendering and procurement processes • Constant communication • Anti-corruption campaigns • Assessments and evaluations, on-site inspections • Supplier training, Teleconferences
Government organisations and regulatory agencies	<ul style="list-style-type: none"> • Compliance with national laws and regulations • Implementation of management requirements of the government • Corporate responsibility 	<ul style="list-style-type: none"> • Participation in the drafting of industry standards • Attending forums and Site investigations and visits • Meetings with government authorities
Community	<ul style="list-style-type: none"> • Participation in public welfare business • Community investment • Environmental protection 	<ul style="list-style-type: none"> • Charitable donations, Contributions to the community • Charity activities and press releases • Volunteer activities

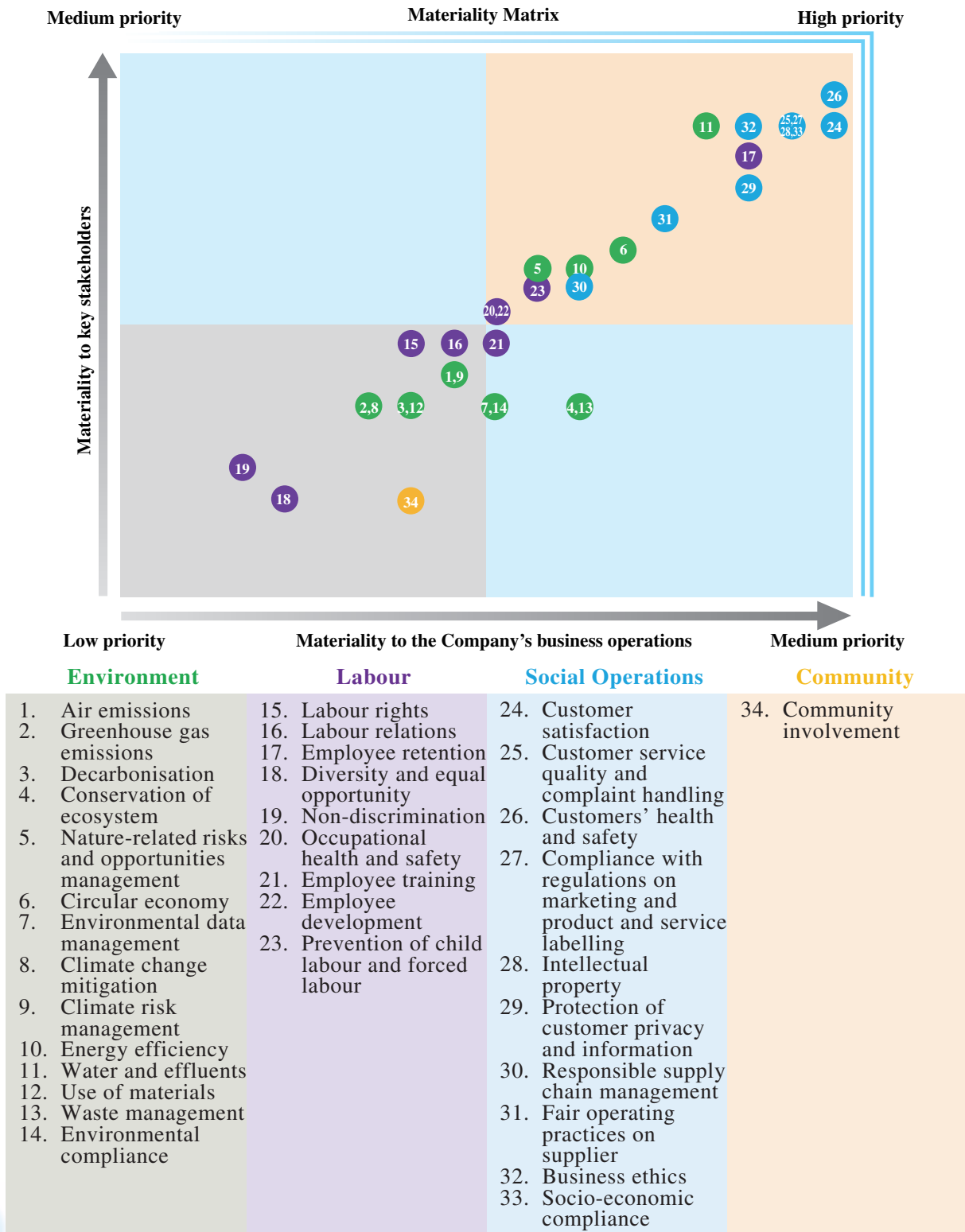
MATERIALITY ASSESSMENT

To comprehensively and systematically identify the issues that have material impact on the sustainable development of the Group, we have engaged an experienced independent consultant to conduct an online questionnaire and invited the management, employees, suppliers and other key stakeholders to prioritise in detail and express their views on 34 ESG issues, which helped us formulate the framework of the Report. To more effectively identify and manage ESG risks, we hold senior management meetings on a regular basis to comprehensively evaluate various ESG risks and opportunities. In such strategic senior management meetings, we develop specific and stringent ESG strategies, policies and objectives, ensuring that we are able to actively manage and respond to the various challenges closely related to sustainable development.



Materiality Matrix

Based on the results of the materiality assessment, the issues were divided into three categories: High, Medium and Low materiality. In the upper right corner of the materiality matrix, those are issues of the highest materiality to the business operations of the Group and of greatest concern to our stakeholders.



In the field of sustainable development, the Group is increasingly concerned with the importance of ESG issues. Based on the results of the “Materiality Matrix” as shown in the figure above, the Group has identified that the top six material issues, namely customer health and safety, customer satisfaction, customer service quality and complaint handling, compliance with regulations governing marketing and the labeling of products and services, intellectual property rights, and compliance with socio-economic regulations. These priority issues reflect the Group’s commitment to developing a sustainable and responsible business environment that meets the expectations of key stakeholders. Looking forward, the Group will continue to review and strengthen the ESG policies and strategies, and use its best endeavour to continuously improve our reporting and disclosure practices by incorporating global standards and emerging best practices to enhance greater transparency and accountability. Through such, the Group will further strengthen its ESG performance, building mutual trust with stakeholders, and making meaningful contributions to future sustainable development.

CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAINS

With the mission of “Coordinating Industry Upgrades and Continuously Enhancing Innovation Driver”, the Group has been committed to building sustainable value for customers and the suppliers through strict adherence to ethical standards, establishment of an improved quality management system and suppliers management. Through our continuous effort, the Group has strived to provide customers with one-stop optical communication product solutions and comprehensive services. We firmly believe that through continuous innovation and excellent service, we are confident that we can continuously improve customer satisfaction and make positive contributions to the development of the industry.

Customer Service

The Group has always received widespread recognition for its efficient, professional and customer-oriented service philosophy. The Company is well aware of the importance of customer experience in the success of its business, and not only focuses on responding quickly to customer needs, but also is committed to listening to customers’ comments through multi-channel communication to provide personalized and precise solutions. In case of any complaints related to its products and services, the departments-in-charge conducted root cause analyses, immediately formulated corrective actions, implemented the necessary improvements, and reported the improvement results to the Quality Department. This successfully addressed and responded to our customers’ worries and concerns. During the Reporting Period, the Group received two cases of customer feedback regarding its products and services. The relevant feedbacks were addressed in accordance with internal procedures and were used to drive improvements in quality and service. Other than that, the Group has not received any significant complaints regarding its products and services.

Customer Satisfaction

- **Environment**
 - o **The Impact of Customer Relationships on Environmental Sustainability:** Customer satisfaction is directly linked to the demand for our products and services, and the processes involved in producing and delivering may also have an impact on the environment. By meeting customer needs and providing environmentally friendly products and services, the Group can reduce its negative environmental impact and align with the principles of environmental sustainability.

- **Society**

- o **The connection between customer interests and social responsibility:** Our focus on customer satisfaction reflects our commitment to customer rights and social responsibility. By continuously addressing customer needs and providing high-quality services and products, we strengthen trust and cooperation with customers while fostering positive social relationships and promoting harmonious social development.

- **Governance**

- o **The Relationship Between Customer Satisfaction and Corporate Governance:** Customer satisfaction surveys and control procedures help establish effective governance mechanisms of the Company. By understanding customer feedback and needs, we can make timely adjustments and improvements, enhancing operational efficiency and governance standards, and strengthening the company's competitiveness and transparency.

We have established a comprehensive and forward-looking customer service system. Through regular satisfaction surveys and feedback mechanisms, we ensure that customer feedback is accurately conveyed to key departments, serving as a vital driving force for product optimization and service upgrades. Whether handling routine inquiries or unexpected situations, our team maintains a high level of responsiveness; particularly when addressing complex complaints, we are able to quickly mobilize resources and provide practical solutions at the earliest time. Furthermore, we place a high priority on information transparency and communication efficiency, establishing open and effective communication channels through diverse means such as telephone, email, and online platforms. We have also integrated sustainability principles into service processes, striving to reduce resource waste and achieve a win-win outcome that balances social responsibility with customer needs. Leveraging our professional expertise and commitment to continuous improvement, we have consistently earned the market's trust and are dedicated to becoming the service benchmark in the communications industry.

Quality Management System and ISO Accreditation

Our high regard for product quality is reflected in all aspects of our quality management system. The quality management system we have established has been accredited by not only the international standard ISO9001:2015 but also an AAA credit grade by the China Association of Communication Enterprises. In line with the requirements of ISO9001:2015, we set clear objectives for quality and provide an effective framework for corrective and preventive action, which helps us in continuously improving product quality and product process.

Environmental Aspect

1. **Procurement of Raw Materials and Environmental Friendliness:** Apart from quality control, we also focus on the environmental friendliness of raw materials and helps reduce negative impact on the environment by selecting suppliers and raw materials that meet environmental standards.
2. **ROHS Standard and Environmental Awareness:** Complying with the EU's ROHS Standards is an important measure to ensure that the content of hazardous substances in products complies with regulations. Part of the Group's sustainable development is ensuring that product manufacturing processes comply with environmental requirements and protect the environment and human health.

Social Aspect

1. **Employee Training and Development:** Through the implementation of the 6S lean management plan not only did the Group improve the staff's problem-solving ability, but also enhanced their understanding of modern management techniques and their ability to apply them, providing opportunities for employees' career development.
2. **Quality Department Measures and Employee Interests:** Implementing corrective measures in the "Non-conforming Output Control Program" not only ensures product quality, but also protects employees' interests and prevents unintended use or delivery of non-conforming products.

Governance Aspect

1. **Monitoring and Measurement Control:** Monitoring and measuring the production process in accordance with the "Product Monitoring and Measurement Control Procedures" will help improve product quality and maintain corporate reputation.
2. **Product Traceability and Transparency:** Formulate "Product Marking and Traceability Control Program" to ensure the traceability of the origin and production process of products, improve the reliability and efficiency of quality management, and increase the transparency and trust of the enterprise.



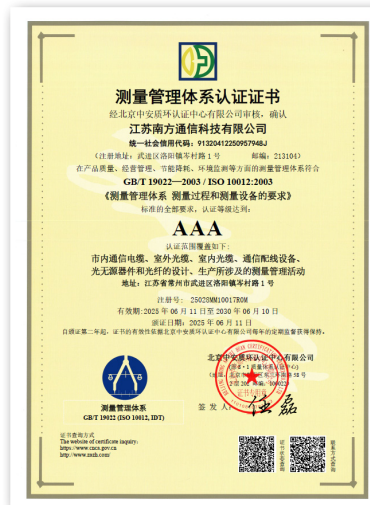
Through the implementation of the 6S lean management plan, we have successfully reduced quality losses and effectively reduced inventory (save for reasonable raw materials and finished products), and also shortened production cycles and reduced equipment failure downtime rate. Such measure not only improves the enterprise's production efficiency and quality management level, but also meets the requirements of the ESG concepts. In the process of implementing the 6S lean management plan, we put emphasis on improving the staff's ability to identify and solve problems, while also enhancing their mastery of modern management techniques and their ability to apply them. This not only helps to increase the enthusiasm of employees to participate in the production process, but also complies with the requirements of social responsibility in the ESG concepts and promotes employee training and development.

Also, we monitor and measure raw materials, semi-finished products and finished products used in production processes in accordance with the “Product Monitoring and Measurement Control Procedures” to ensure that product quality meets the standards. Such monitoring measures not only helps ensure product quality, but also embodies the enterprise’s focus on environmental friendliness in suppliers management, which complies with environmental responsibilities in the ESG concepts. To ensure traceability of the origin and production process of products, we have established the “Product Marking and Traceability Control Program” and identified all materials, semi-finished products and finished products. Such measure not only enhances the reliability and efficiency of quality management, but also complies with the governance requirement of emphasis on transparency and responsibility in the ESG concepts. By integrating ESG concepts into product suppliers management, we are committed to creating a more sustainable and responsible production system and creating greater value for society, the environment and our stakeholders.

During the Reporting Period, we were not involved in any material violations of laws and regulations related to health and product safety, advertising and labeling and their remedial actions in connection with the provision of products and services. Furthermore, no products were sold or shipped that required recall for safety or health reasons. Should any non-compliant products be identified, the Group will provide affected customers with full refunds and replacement products. The Group has also established a dedicated hotline to answer customer inquiries at any time and offer assistance to them throughout the recall process.



ISO9001:2015 Certificate



ISO10012:2003 Certificate



ISO/IEC27001:2022 Certificate

Information Security Management

The Group firmly believes that the protection of stakeholders’ information and privacy is the foundation for building trust and long-term co-operation. Through advanced digital platforms and smart tools, the information collection, storage, analysis and sharing processes are optimized. Its information management system realizes real-time processing and efficient integration of data, making the Company’s internal operations more accurate and efficient. At the same time, such system optimization also provides customers with faster and better service support, improving the overall user experience.



Industrial Information Security Protection Three-Star Enterprise of Jiangsu Province

To this end, we have established an information security management system certified by the international standard ISO/IEC27001:2022, which includes the formulation of a series of systems such as the “Information Security Management Procedures”, “Confidentiality Control Procedures”, and “Data Backup Management Procedures”, to regulate the management of information and data security and to ensure the proper functioning of the information system. By deploying advanced encryption technology, intrusion detection systems and risk assessment mechanisms, the Group effectively protects customer data and corporate core information to avoid information leakage and data abuse. In addition, the Group’s compliance management ensures that information management complies with the laws and regulations of various countries, setting an industry benchmark for information security.

Each department is required to set up a double backup system to back up important data and hand them over to the relevant department for proper storage. Employees are not allowed to connect computers linked to the local area network to the international internet without prior approval to prevent information leakage. If a breach of confidentiality is found, we will take immediate remedial actions to address the possible losses. At the same time, we strictly comply with the laws and regulations such as the “Personal Data (Privacy) Ordinance” of Hong Kong and the “Regulations on the Security Protection of Computer Information Systems” of the PRC.

As a leading company in the telecommunications industry, Nanfang Communication actively cooperates with the government, scientific research institutions and other enterprises to jointly promote the transformation and upgrading of industry informatization and digitalization. The Group’s in-depth participation in the fields of smart city construction, 5G technology promotion and Internet of Things management not only provides technical support for the informatization development of society, but also promotes the establishment and improvement of industry standards.

During the Reporting Period, the Group was not aware of any significant non-compliance with laws and regulations on customer data protection and privacy policy that had a significant impact on its operations.

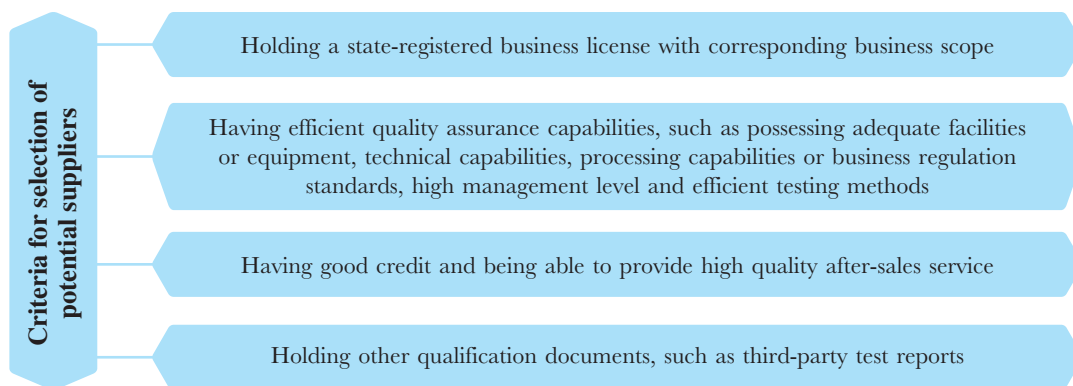
Protection of Intellectual Property Rights

The Group firmly believes that a robust intellectual property protection mechanism is the core driver of green innovation. By safeguarding R&D achievements in the environmental protection sector, we ensure that relevant advanced technologies receive legal recognition and market promotion, thereby further fulfilling the Company’s commitment to environmental protection. Furthermore, the protection of intellectual property is closely linked to social responsibility. Through rigorous rights protection mechanisms, the Group ensures that innovative achievements are utilized reasonably and efficiently, creating exceptional value for employees, customers, suppliers, and other stakeholders, thereby establishing a corporate image characterized by integrity and transparency. From the Company’s governance perspective, effective intellectual property management not only helps safeguard the Group’s assets but also enhances governance transparency and operational stability. Accordingly, we were granted various patents and registered various trademarks. We have established a robust internal control system to ensure that our business operations meet high standards of compliance. During the Reporting Period, to the best of the Group’s knowledge, there were no instances of any violation of intellectual property laws and regulations regarding the Group’s products and services, including but not limited to the “Patents Ordinance” of Hong Kong and the “Patent Law” of China.

Introduction of Suppliers

Nanfang Communication has always regarded environmental protection as a common global mission and is committed to establishing a green supply chain and producing green products to support the construction of a green manufacturing system. In response to our country’s efforts to promote environmental concepts, the Company has developed a supplier screening mechanism that complies with the ISO9001:2015 quality management system standard to ensure effectiveness and fairness. All potential suppliers are required to undergo a rigorous background check and a questionnaire assessment, and suppliers who initially meet the requirements will provide samples and conduct small batch trial production to assess their adaptability.

Suppliers who pass the on-site audits will be included in the list of qualified suppliers, and unqualified suppliers will be requested to make rectifications. This supplier screening mechanism aims to select high-quality and qualified suppliers to ensure the high quality of products and services, and actively promote the development of green manufacturing system.



Selection and Evaluation of Suppliers

By incorporating the concept of green development into our supplier management mechanism, we encourage our suppliers to work with us to promote the building and sustainable development of a green manufacturing system. We have formulated the “Related Party Control Program” to ensure that our suppliers understand and comply with the relevant requirements by communicating our environmental and social management policies to them. At the same time, Nanfang Communication strives to reduce the carbon footprint in our supply chain to ensure that our stakeholders, such as suppliers, waste handlers, maintenance service providers and transporters, comply with the environmental, health and safety standards of the Group. Through partnerships with suppliers, Nanfang Communication requires suppliers to comply with environmental regulations, occupational health and safety standards and to take the necessary steps to ensure product and service compliance. Besides that, as a part of the procurement process, the purchasing department of Nanfang Communication selects suitable suppliers from a list of qualified suppliers to ensure that their quality, lead time and service level, etc. meet the Company’s production standards. In order to continue to provide reliable and high-quality products, the Company regularly evaluates the performance of our suppliers to ensure that their performance meets the standards of the Company. Nanfang Communication has established a “Supplier Performance Management Control Program” to govern the daily assessment on suppliers. On a monthly basis, the Company comprehensively evaluates the performance of suppliers in terms of quality, delivery, service and price. We also conduct review once to twice a year based on the different type of suppliers. We provide opportunities for rectification to suppliers that do not meet the objectives of the Company, and if they fail to meet the standards after repeated assessment, the Company will terminate the relationship with them and remove them from the list of qualified suppliers.

Code of Conduct for Suppliers

The Group has developed the “Code of Conduct for Suppliers” to describe our requirements for social responsibility and environmental management to ensure suppliers to understand and strictly comply with our standards. We have developed the requirements in several ESG-related areas, including legal compliance, child labour, forced labour, remuneration, working hours, equal treatment, freedom of association, protection of intellectual property and environmental, health and safety standards. At the same time, we hope that suppliers will extend these codes to the outsourcers with whom they work. In this way, we can build a more comprehensive and consistent suppliers system and work together to promote our goal of sustainable development. The following is a summary of the “Code of Conduct for Suppliers”:

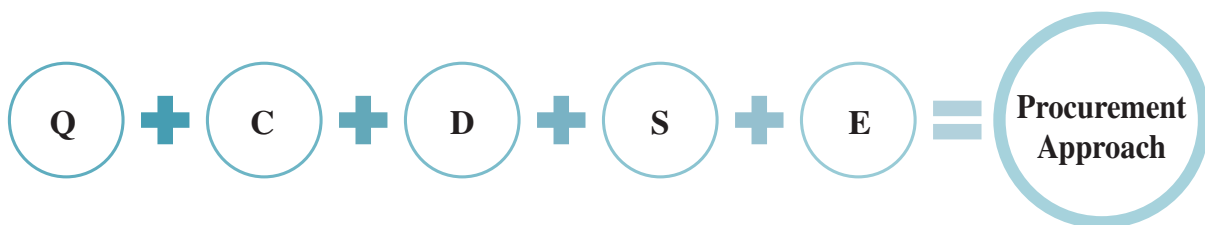


Green Supply Chain

Nanfang Communication has always been concerned about the importance of protecting the environment as a common mission for all mankind as well as committing to the establishment of a green supply chain and the production of green products to build up our sales base. The Company have also incorporated the concept of green supply chain management into our long-term strategic development plan, and are committed to becoming a model enterprise for green manufacturing system with a quality-driven core value. We will continue to incorporate the principles of environmental protection and sustainable development into our supply chain management mechanism in order to regulate the procurement of raw materials, auxiliary materials, components, etc., with the aim of making our products more compliant with the requirements of green manufacturing and enhancing our competitiveness in the market. This is not only to meet customer needs, but also to create long-term sustainable value for our shareholders, communities and suppliers. During the Year, we worked with 43 suppliers, all of whom were from China. This reflects the expansion and deepening of our green partnerships with suppliers.

In order to ensure that our supply chain meets green procurement standards in terms of environmental protection, the Group has formulated the “Green Procurement Trial Standards”. It aims to standardize the procurement operations of raw materials, semi-finished products, auxiliary materials, parts, (including packaging materials) and finished products etc., reduce the environmental burden in an environmentally friendly manner, and contribute to environmental protection.

- Green Procurement Approach: Emphasise the selection of materials and suppliers on the basis of minimising environmental impact, and jointly promote green procurement.
- Procurement activities shall be conducted under the principle of Quality(Q) + Cost(C) + Delivery(D) + Service(S) + Environment(E).



Green Procurement System

Supplier evaluation standard “Green Procurement Trial Standards”

Material evaluation standards (such as compliance with laws and regulations, presence of specific chemical substances, resource utilization efficiency, recyclability, etc.)

Environmentally related substances are managed and classified into: prohibited substances, substances prohibited from use depending on their intended use, and substances that require management

The Group achieves environmental protection by establishing green procurement standards. We emphasise the importance of collaborating with suppliers to reduce environmental impact and ensure the use of environmentally friendly materials. We following these standards with the aim to contribute to environmentally sustainable development and fulfill our responsibility to protect the environment. These standards defines environmentally-related substances as substances that have adverse effects on the environment and the human body, including prohibited chemical substances and controlled chemical substances.

No.	Substance group category	Name of prohibited substances
1	A05	Cadmium (Cd) and its compounds (<100ppm)
2	A07	Hexavalent chromium (Cr(VI)) and its compounds (<1000ppm)
3	A09	Lead (Pb) and its compounds (<1000ppm)
4	A10	Mercury (Hg) and its compounds (<1000ppm)
5	B02	Polybrominated biphenyls (PBBs) (<1000ppm)
6	B03	Polybrominated diphenyl ethers (PBDEs) (<1000ppm)
7	B05	Polychlorinated biphenyl
8	B06	Polychlorinated naphthalene (more than 3 chlorine atoms)
9	C01	Asbestos type
10	C04	Ozone Depleting Substances
11	C06	Radioactive Substances

No.	Substance group category	Chemical substances and compounds prohibited from use depending on their intended use
12	C02	Azo dye and paint
13	A02	Arsenic and its compounds
14	A03	Beryllium and its compounds
15	C05	Phthalate salts
16	N/A	Formaldehyde

No.	Substance group category	Chemical substances and compounds that require management
17	A17	Tributyltin oxide (TBT0)
18	A01	Antimony and its compounds
19	A04	Bismuth and its compounds
20	A11	Nickel compounds
21	A13	Selenium and its compounds
22	B08	Brominated flame retardants
23	B07	Polyvinyl Chloride (PVC)

Business Integrity

Nanfang Communication has always insisted on establishing a business philosophy centring on compliance with laws, integrity and quality service and has adopted a zero-tolerance attitude towards unethical practice such as corruption and bribery. The Company will continue to create a favorable business environment together with our partners, and put strong emphasis on anti-corruption and compliance. Nanfang Communication has strictly complied with all applicable anti-corruption laws and regulations, including but not limited to the “Anti-Money Laundering Law of the People’s Republic of China” of the PRC and the “Prevention of Bribery Ordinance” of Hong Kong. The Company will be committed to strengthen internal compliance management to ensure that all business activities comply with laws and regulations, and actively promote clean operations to ensure the sustainable development of the Company and contribution to society. The Group regularly provides anti-corruption training to the Directors and employees, covering ethical standards, relevant laws, and internal whistle-blowing procedures. During the Reporting Period, the Group was not aware of any material breach of the laws and regulations relating to bribery, extortion, fraud and money laundering, nor were there any legal proceedings concluded against the Group or its employees for corrupt practice.

Moreover, the Group has adopted a series of stringent policies and measures to promote integrity and compliance in business activities. Our employee handbook expressly prohibits employees from engaging in any unlawful behaviour and sets out a series of codes of conduct, including avoiding conflicts of interest, not seeking personal gain, and strictly prohibiting bribery and accepting gifts or benefits, etc.. It ensures that employees put the interests of the Company first and undertake not to tarnish the Company’s reputation through acts such as fraud, disloyalty and corruption.

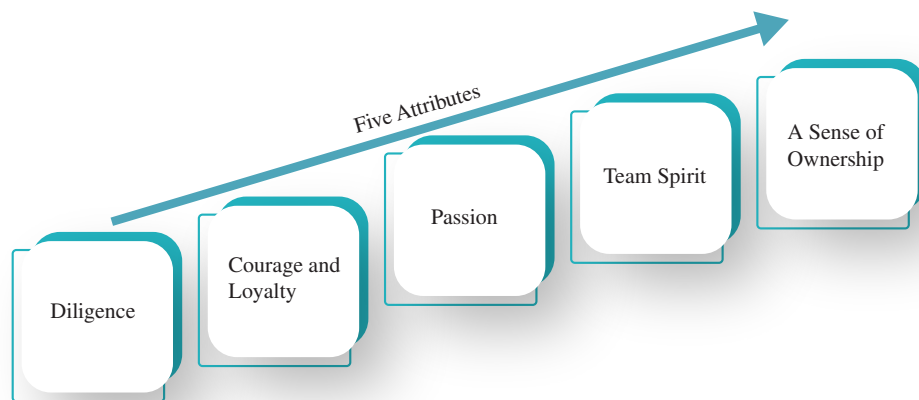
In addition, the “Anti-commercial Bribery System” governs the management and supervision procedures in business activities to combat corruption and bribery. All employees and suppliers must sign an undertaking of integrity and strictly fulfill the commitments made in the agreement. If violation of the undertaking is found, the Company reserves the right to impose penalties, terminate the contract and suspend the qualification of suppliers, and refer to the judicial authorities for criminal responsibility.

Whistleblowing and Investigation

In terms of whistleblowing and investigation, the Company have established a transparent and open reporting channel. Employees can report any inappropriate or illegal actions through our hotline for timely investigation by the anti-commercial bribery unit. Information of the case and the identity of the whistleblower will be treated in strict confidence by the Company to protect the privacy of the whistleblower. The Group attaches great importance to anti-corruption and integrity promotion, encourages employees to actively report acts of corruption, and adopts strict confidentiality measures. Throughout the whistleblowing and investigation process, the Company strictly prohibits the disclosure of information of the whistleblower and endeavours to protect his/her identity and privacy to ensure the fairness and confidentiality of the investigation. Employees can contact the anti-commercial bribery unit to report any corrupt behaviour, and the unit will commence its investigation in a timely manner.

CREATING VALUE FOR EMPLOYEES

Employees are the key to the Company’s success and we firmly believe that they lay a solid foundation to our business development. Therefore, the Company endeavours to create a diversified working environment that encourages continuous personal and professional growth, and trusts and respects each and every employee. At the same time, we encourage our employees to adhere to the “Five Attributes” set by the Company, which include diligence, courage and loyalty, passion, team spirit and a sense of ownership, in order to maintain the outstanding work culture of the Company. The Company is committed to providing employees with a good development platform and working environment, motivating employees to fully play into their personal potential, and jointly promoting the development and growth of the Company.



The Group’s union aims to help employees develop themselves, improve their technical skills, and accelerate the construction of their skill development system. This year, we organized a series of “Office Software Proficiency Improvement Training” sessions. The training was designed to address the common issues and challenges employees face when using office software such as Word and Excel in their daily work, with course content tailored to these specific needs. From document formatting efficiency and data statistical analysis to function applications and report creation, the trainers combined case studies with hands-on exercises to help employees quickly master practical skills, effectively boosting their daily work efficiency and professional capabilities. This training not only effectively resolved the challenges employees faced in their daily work but also further ignited their enthusiasm for learning. Moving forward, the Group’s Labor Union will continue to focus on employees’ development needs by launching more job-specific skill training programs. This initiative aims to empower employees’ growth and lay a solid talent foundation for the company’s high-quality development.

During the Reporting Period, the Group was not involved in any violations of laws and regulations relating to remuneration and termination, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other treatment and benefits. We have also complied with laws and regulations that have a material impact on our operations.

As of 31 December 2025, the Group had a total of 325 employees. Our employees mainly work on a fulltime basis in the PRC and Hong Kong. The detailed information of employees is summarised as follows:

		2025	2024	2023
Total number of employees		325	295	307
Number and percentage by gender	Male	183 (56.31%)	201 (68.14%)	201 (65.47%)
	Female	142 (43.69%)	94 (31.86%)	106 (34.53%)
Number and percentage by age group	Below 30	29 (8.92%)	29 (9.83%)	36 (11.73%)
	30 to 50	247 (76.00%)	209 (70.85%)	229 (74.59%)
	Above 50	49 (15.08%)	57 (19.32%)	42 (13.68%)
Number and percentage by employment category	Full-time	325 (100%)	295 (100%)	307 (100%)
	Part-time	0 (0%)	0 (0%)	0 (0%)
Number and percentage by geographical region	China and Hong Kong	325 (100%)	295 (100%)	307 (100%)
Employees turnover rate¹		20.00%	24.75%	18.24%
Percentage by gender	Male	26.78%	28.86%	15.42%
	Female	11.27%	15.96%	23.58%
Percentage by age group	Below 30	58.62%	68.97%	55.56%
	30 to 50	14.98%	23.92%	13.10%
	Above 50	22.45%	5.26%	14.29%
Percentage by geographical region	China and Hong Kong	20.00%	24.75%	18.24%

¹ Calculation of turnover rate of employees:

$$\text{Turnover rate of employees} = \frac{\text{Number of employees left during the Reporting Period}}{\text{Total number of employees as of 31 December 2025}} \times 100\%$$

Labour Relations

Nanfang Communication upholds the core value of “People-oriented” and is committed to fostering a work environment that respects employee rights, offers ample opportunities, and promotes fair competition, while providing comprehensive support for employees’ growth and development. The Company strictly complies with labour laws and regulations in the jurisdictions where it operates, including the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, and the “Employment Ordinance” of Hong Kong. To implement standardized management, the Company has established a comprehensive set of policies and procedures covering areas such as recruitment, dismissal, promotion, compensation and benefits, working hours, leave, equal opportunity, diversity and anti-discrimination aspects. These policies ensure that every employee receives fair treatment and reasonable compensation throughout their career, while fostering a just and transparent work environment that provides an excellent platform for talent development.

Fair Employment

The Group has consistently adhered to the employment philosophy of “Ethics-above-all, Meritocratic, Talent-and-virtue, Play to People’s Strengths” and we uphold the principles of “Openness, Equality, Competition, and Merit-based Selection” in our recruitment process. Through the implementation of our Recruitment Management System, we have standardized the talent selection process and prioritized internal promotions or transfers when vacancies arise. During the evaluation process, we use only job-related factors as criteria and strictly prohibit discrimination based on gender, ethnicity, religious beliefs, or any other personal characteristics. Nanfang Communication is committed to fostering a diverse and mutually respectful workplace environment and warmly welcomes talented individuals from diverse cultural backgrounds and with varied values to join us.

Remuneration and Benefits

We believe that offering market-competitive remuneration and benefits is essential to recognizing the dedicated effort of our employees and promoting their long term retention. The Company has formulated a comprehensive “Remuneration Management Plan” aiming to provide transparency in the calculation of staff remuneration and benefits as well as establishing an incentive mechanism. Employees’ remuneration includes basic salary, seniority pay, grade pay, performance pay and year-end bonus. Employees’ contribution and capability are assessed through annual appraisals, and employees with outstanding performance are given promotion opportunities and additional bonuses, which will encourage them to keep enhancing their performance and productivity.

In addition to remuneration, we provide a comprehensive benefits package to meet the needs of our employees, enhance their sense of belonging and job satisfaction, thereby increasing their loyalty and retention rate. Depending on the requirements of different positions, we provide meal allowances and comfortable dormitory facilities for our employees. At the same time, we comply with local laws and regulations by contributing to housing funds, medical insurance, pensions and unemployment insurance for our employees. In addition, we are committed to fostering a harmonious and supportive work environment. In addition to providing holiday subsidies and gifts to employees during major holidays, we also organize regular birthday parties to deepen our commitment to humanistic care. Through carefully planned birthday celebrations and gestures of appreciation, we convey our sincere gratitude to employees for their hard work. These initiatives fully demonstrate our respect for the individual value of each employee, effectively enhancing their sense of belonging and team cohesion, and laying a solid talent foundation for the company's sustained and steady growth.



Birthday parties

At the same time, we consistently uphold a “People-oriented” philosophy, extending our care to employees' personal development and family well-being, and tangibly enhancing their sense of happiness and belonging. To mark significant milestones in our employees' careers, we have established a special retirement ceremony to pay tribute to those retiring after many years of dedicated service to the Company. Through these warm and solemn retirement ceremonies, we reflect on the retirees' professional journeys and contributions, expressing our gratitude for their years of unwavering dedication and commitment. This initiative not only instills a sense of professional pride and belonging in our retirees but also inspires current employees to carry forward this spirit of dedication, thereby strengthening team cohesion.

At the same time, we continued to hold the “Building Dreams, Nurturing Talent” College Entrance Examination Scholarship Award Ceremony to extend our sincere congratulations to the families of employees whose children have been admitted to institutions of higher education. The College Entrance Examination Scholarship Program aims to encourage employees’ children to study diligently and pursue their dreams, while conveying the Group’s support and care for employee families. At the ceremony, the Group leaders presented certificates of honor and scholarship funds to the recipient families, sharing in the joy of their academic achievements and allowing employees to deeply feel the warmth and strength of the Company’s commitment to “Walking Alongside Our Employees.”

By organically integrating retirement tributes with family care initiatives, the Group has further strengthened the emotional bond between employees and the enterprise, fostering a positive atmosphere of unity and shared development. In the future, we will continue to refine our employee care system to create more heartwarming memories for our employees and their families.



Retirement ceremony



College Entrance Examination Scholarship Award Ceremony

Labour Standards

These guidelines are intended to implement the principles of corporate social responsibility (CSR), particularly the social dimension as it relates to ESG. We ensure that the rights of child laborers and underage works are fully protected. We are well aware that protecting juvenile labor is not only a legal requirement but also a key element of corporate sustainable development. The Group’s administration department plays a crucial role as the developer and supervisor of the Group’s labor procedures. They are responsible for formulating detailed operational procedures, regularly organizing training to enhance all employees’ awareness and understanding of the prohibition of forced labor. At the same time, the administrative department also needs to establish an effective supervision mechanism to conduct regular inspections of the implementation status in various departments, ensuring that labor procedures are effectively and practically enforced.

Child labor is a strict red line that we adhere to during the recruitment process, and any employment actions that violate this regulation will be sternly addressed. For workers who are over 16 years old but under 18 years old, we provide special attention and protection, ensuring that their working conditions comply with laws and regulations while also taking into account their physical and mental development needs. The procedures prohibiting the employment of child labor and the employment procedures of juveniles apply to all child laborers who have previously worked for the Company and currently employed juveniles, aiming to provide them with a working environment that is safe, healthy and beneficial to their growth through a series of meticulous measures.

The Group has also established a comprehensive “Child Labor Assistance Program” that encompasses all necessary support measures to safeguard the safety, health, education, and long-term development of affected children. This is not merely a short-term relief effort, but a systematic, long-term initiative designed to help children escape from difficult circumstances, reintegrate into society, and create better conditions for their future development. If any cases involving child worker are discovered, the Group will take immediate action to terminate the employment contracts of the minors involved, arrange for medical examinations, and assist them in returning to their parents or guardians, while ensuring that all wages owed are paid in full. At the same time, the Administration Department strictly enforces identity verification procedures, identifying child workers and underage workers by verifying applicants’ identification documents to ensure that the recruitment process is legal and compliant. The SA8000 Management Representative is responsible for overseeing the entire process, ensuring through regular internal audits that the Company’s conduct strictly adheres to procedural requirements and promptly addresses potential risks. Furthermore, employee representatives actively serve as a bridge, engaging in open communication with management regarding the implementation of procedures to foster mutual understanding and trust.

To resolutely safeguard employees’ personal freedom, the Group has established the “Control Procedure for the Prohibition of Forced/Compulsory Labour” to ensure that all employment practices are based on the principle of voluntariness. We deeply understand that respecting employees’ right to free choice is the cornerstone of fulfilling social responsibility and maintaining good labour relations. This procedure applies to all employees. Regardless of position or job nature, all employees enjoy equal rights to personal freedom and are protected from any form of forced or compulsory labour. During the recruitment process, we strictly adhere to the principle of voluntariness and strictly prohibit the use of any form of involuntary labour, including debt-bonded labour, or trafficked labor. If cases of forced labor are identified, the Group provides protection, compensation, and reporting mechanisms; it will launch an investigation into every case and take remedial and preventive follow-up actions following the investigation. Nanfang Communications is committed to fostering a fair, equitable, and transparent recruitment environment, ensuring that every job applicant has equal opportunities to compete.

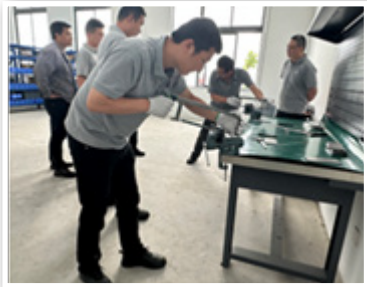
In addition, we firmly prohibit any department or individual from collecting money, physical goods and such as “Entry Deposits” from incoming employees. Furthermore, we also prohibit the withholding or pledging of employees’ ID cards, temporary residence permits, and other documents proving personal identity. We respect employees’ personal property and privacy rights, ensuring that their rights are not infringed during the onboarding and offboarding processes. All departments or individuals are strictly prohibited from inflicting corporal punishment, beating, searching, and insulting against employees, as well as locking workplaces and collective employee dormitories to restrict the personal freedom of employees. We advocate for the establishment of a harmonious and respectful working environment, safeguarding the dignity and personal freedom of employees. If employees feel that they are subjected to forced labor, they can report the matter to their department supervisor, employee representative, or submit it in writing to the “Comment Box,” where it will be investigated and handled by the administrative supervisor. If any significant matters arise, an employee representative meeting may be convened to formulate a solution during the meeting. We have established smooth feedback channels to encourage employees to actively safeguard their legal rights, and to supervise and report any violations.

During the Reporting Period, we complied with the laws and regulations regarding the prevention of child labour and forced labour that have a significant impact on our operations.

Work-life Balance

We endeavour to promote work-life balance and care for the mental health of our employees. We adopt a standard working hour system to ensure that our employees have sufficient rest time. Employees work eight hours a day, five days a week, with shifts on weekends. We adopt a standard working hour system, encourage rest and do not encourage non-essential overtime work. In addition to annual leave and statutory holidays stipulated by the state, employees are entitled to various additional leaves, such as personal leave, sick leave, work injury leave, marriage leave, maternity leave and funeral leave.

We continue to build up our corporate culture to further enhance the happiness and cohesion of our employees. During the Year, we organized a series of diverse employee activities. To inspire a passion for learning and enhance professional competence, we held skills competitions, providing employees across all positions with a platform to showcase their skills and exchange experiences, which effectively promoted the collective improvement of technical proficiency. At the same time, to enrich employees’ cultural and recreational lives, we organized hiking events. These activities allowed everyone to connect with nature and relax while building physical strength. Through mutual encouragement and walking together, we strengthened camaraderie and further reinforced team cohesion and a spirit of collaboration. Furthermore, we actively implemented employee welfare initiatives, notably introducing a convenient on-site hair salon service. This provides practical support for employees’ daily needs, effectively addressing their everyday requirements and allowing them to feel the Company’s warmth and thoughtfulness. By organically integrating skill development, healthy living, and employee welfare, we have further strengthened employees’ sense of belonging and team cohesion, injecting a continuous source of momentum into the Company’s sustained and steady growth.



Skills competition



Hiking activities



Hair salon service

HEALTH AND SAFETY

The Group has always taken people-oriented values as the core concept, prioritising the physical and mental health of our employees and providing them with good working environment. We have strictly complied with the laws and regulations of the PRC, such as the “Labour Law”, the “Work Safety Law”, the “Measures for the Supervision and Administration of Employers’ Occupational Health Surveillance”, the “Provisions on the Supervision and Administration of Occupational Health at Work Sites” and the “Provisions on the Supervision and Administration of Labour Protection Articles”, and have established a series of regulations and system to protect the occupational health and safety of our employees. During the Reporting Period, there was no violation of any relevant laws and regulations on safe working environment and protect employees from occupational hazards that have a significant impact on the Group. During the past three years (including the Reporting Period), we did not have any fatal accidents, work-related injuries or any work days lost due to work-related injuries.

In order to reduce the risk of occupational health and safety issues, the Group has established an occupational health and safety management system certified in accordance with the international standard ISO45001:2018 to systematically prevent accidents in the workplace. To improve the safety knowledge of our employees in the workplace, we provide relevant induction trainings on production safety to all new employees and employees changing jobs, so that they can understand the various hazards and risks existing in our factories as well as the corresponding protective measures.

For employees responsible for special type of work, they are required to complete additional relevant technical training and pass an assessment by the national statutory authorities to obtain the appropriate qualification certificate before they can serve in the operating positions. In addition, we organise annual health check-ups for our employees and invite hospital staff to visit our sites for detailed examination to raise their awareness of self-protection. We hope that our employees can be aware of and understand their own health status in a timely manner, so that they can be treated in an early stage if they are diagnosed with any disease and put into the best condition to work.



ISO45001:2018 Certificate

In addition to providing health examinations, we also hold regular health lectures and trainings, actively promote employee health management and preventive measures, to enhance employees' health awareness and self-care capabilities. We have set up health guidance stations in the workplace to provide health consultation and guidance services, and encourage employees to actively participate in health promoting activities. In addition, we have also established a health record system to record employees' health status and medical records to track and manage employees' health status in a timely manner. Through these measures, we have created a workplace environment that pays attention to employees' health and promotes their comprehensive development.



Health Examinations

The Group have established and adopted the following policies and measures in accordance with the highest standards of health and safety in the workplace:

Relevant policies and system

- 6S management requirements, crisis management procedures
- Emergency preparation and response control procedures
- Accident investigation and management procedures
- Personal protective equipment management requirements
- Identification of source of hazard, risk evaluation and control procedures
- Safety and security work management requirements
- Safe production management system
- Safety protection and safety facility management requirements
- Flammable and explosive control procedures
- Motor workshop management requirements
- Fire safety management requirements
- Electrical equipment installation requirements
- Air compression operation procedures
- Occupational health and labour protection control procedures
- Occupational diseases and occupational health prevention management requirements
- Facilities and working environment control procedures

Safe Production Management

To ensure safe production, we have set up a leading group for safe production, which is co-ordinated by the management and departmental heads to lead and supervise production safety work. The responsibilities of the leading group include researching and formulating technical production safety measures and labour protection plans, as well as investigating and handling accidents. The leading group is responsible for educating employees on safe production and formulating detailed implementation rules and operating procedures for safe production to ensure the enforcement of safety norms. In terms of day-to-day management, each department follows the 6S safe production management system and conducts regular inspections of on-site conditions, various equipment and instruments. Timely rectification is carried out when problems are found to ensure that potential safety hazards are resolved in a timely manner. These measures help establish a healthy and safe workplace environment, protect the physical and mental health of employees, improve production efficiency and quality, and ensure the sustainable and steady development of the Company.

Emergency Plans

In order to respond to possible health and safety incidents, the Group has established a leading group for the command of emergency rescue operations and formulated a sound contingency plan under the supervision of the management and the coordination of different departments. The leading group will play a coordinating role in organising emergency relief work in the event of a health and safety incident. The contingency plan lists groups to notify and actions to take as well as escape and rescue plans in detail in the event of an accident. We strictly enforce fire safety management regulations and regularly inspect fire fighting facilities to ensure that fire fighting channels are unobstructed. For high-risk areas such as chemical warehouses and woodworking rooms, we have installed explosion-proof devices to ensure the safety of lighting and power supply. To reduce the risk of leakage, we have established a hazardous chemicals management system to regulate the procurement, storage and use of chemicals.



Personal Protective Equipment and Prevention of Occupational Hazards

The Group has established a comprehensive, multi-tiered fire safety management system and is committed to fostering a safety culture centered on “Full Participation and Prevention-oriented” principles. In addition to regularly maintaining fire safety facilities and equipment, we regard the dissemination of fire safety knowledge as a core component of safe production. Through the implementation of a comprehensive “Fire Safety Management System” and emergency response plans, we have clearly defined the response procedures and division of responsibilities for each position in the event of an emergency. Furthermore, the Group routinely conducts fire safety training courses and simulated drills, covering fire prevention, emergency evacuation guidelines, and hands-on practice with fire extinguishing equipment, ensuring that employees are proficient in evacuation routes and the use of equipment during actual operations. Through these comprehensive preventive measures, we continuously enhance employees’ fire safety awareness and emergency response capabilities, ensuring that fire safety responsibilities are effectively fulfilled and fully safeguarding the safety of employees’ lives and property as well as the resilience of our business operations.



In order to improve our employees’ ability to deal with fire emergencies, we organised the Safety Production Week drill for the Year, in which a fire-fighting drill was conducted. The drill covered the entire process from discovering the source of fire, reporting it, determining the fire situation and taking emergency measures, to activating the plan and putting out the fire at the simulated scene. Employees participated in drills on the correct use of fire extinguishers, learned how to quickly and effectively extinguish initial fires, and mastered self-rescue and escape skills in the event of a fire.

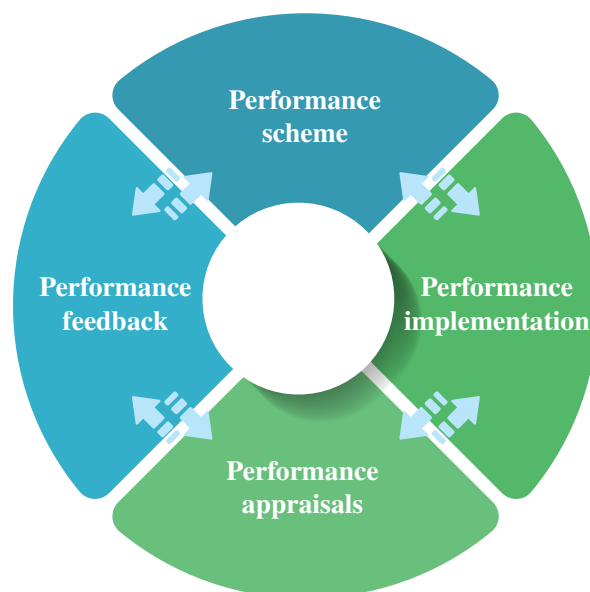


In addition, we also conducted fire escape drills, including familiarity with evacuation routes, correct use of escape doors and windows, and training on self-rescue and mutual rescue skills during evacuation. Through these practical drills and training, employees can become more familiar with emergency response procedures, improve their ability to respond when a fire occurs, and ensure the personal safety of employees and the orderly production of the Company. These measures not only improve employees' safety awareness and self-rescue capabilities, but also enhance the safety awareness and emergency response capabilities of the entire Company. Escape drills are not just a simple activity, but an important part of the Group's daily safety management work. This also helps all employees participate in safety management, enhance teamwork and emergency response awareness, thereby building a corporate environment filled with safety culture and laying a solid foundation for the safety development of employees and Company.

Training and Development

Nanfang Communication is well-aware that the training and development of its employees is critical to the long-term success of the Company. In order to continuously improve the capabilities and quality of employees, we have begun to implement a more comprehensive and systematic training plan. In addition to regular employee training, we also introduce different innovative training methods, such as online learning platforms, virtual reality training, etc., to adapt to different employee learning styles and needs. In addition, the Group will strengthen leadership training for middle management to help better manage teams, formulate strategies, and promote business development.

In order to better motivate employees to participate in training and achieve results, the Group has established a training achievement recognition and reward mechanism. By establishing training performance rankings, issuing certificates, and providing promotion opportunities, we will encourage employees to actively participate in training and apply the knowledge they have learned to actual work. At the same time, we will continue to strengthen the performance evaluation and feedback mechanism for employees to help employees continuously improve their abilities and achieve personal career development goals.



We evaluate and improve the performance of our employees through the cycle of performance scheme, implementation, appraisals and feedback, thereby improving their work quality and productivity to continuously improve the core competitiveness of the enterprise and individuals. We have established career development paths for our employees, and we determine internal promotion and year-end bonus based on performance appraisal results, providing opportunities for our employees to thrive in the enterprise. Nanfang Communication will continue to be committed to building a learning organization, providing employees with opportunities for continuous learning and growth, helping them continuously improve their skills, expand their horizons, and contribute more to the sustainable development of the Company.

The Group's employee training data during the Reporting Period is summarised below:

	2025	2024	2023
Total training hours of employees	565	558	888
Average training hours per employee (percentage of employees trained)	1.74(100%)	1.89 (100%)	2.89 (100%)
Average training hours by gender (percentage of employees trained)			
Male	1.31(100%)	1.75 (100%)	3.15 (100%)
Female	2.29(100%)	1.89 (100%)	2.41 (100%)
Average training hours by employment type (percentage of employees trained)			
Management	2.25(100%)	2.33 (100%)	13.00 (100%)
Staff	1.72(100%)	1.91 (100%)	2.48 (100%)

CREATING VALUE FOR THE COMMUNITY

Nanfang Communication have integrated ESG concepts into its corporate development strategy, adhered to the principle of social responsibility first, and promoted sustainable development and social progress through multi-faceted efforts. We know that enterprises are not only the creators of economic benefits, but also important players in the social ecosystem. Therefore, we continuously strengthen our close cooperation with the community, actively fulfill our corporate social responsibilities, and take practical actions to promote the comprehensive advancement of environmental protection, social well-being, and sustainable development.

Nanfang Communication continues to increase support in the fields of education, medical care and culture, and carries out educational donations, medical assistance and cultural project funding to provide community residents with more high-quality resources, improve the overall quality of life, and contribute to social equity and progress. In the field of education, we have long been dedicated to the growth and development of young people. This year, we continued to support the “Nanfang Fund” Scholarship Program at Luoyang Zhongxin Primary School and attended the 2025 Graduation Ceremony and the 10th Scholarship Award Ceremony, themed “Gathering Moments, Building Dreams, and Looking Toward the Future.” By establishing this dedicated scholarship, we aim to inspire students to study diligently and pursue their dreams, thereby infusing the local education sector with a spirit of warmth and support. This initiative not only alleviates the financial burden on the families of outstanding students but also lays the seeds of gratitude and determination in their hearts.



We adhere to an efficient, transparent and responsibility-driven management model and incorporate ESG indicators into the corporate management system to ensure the effective implementation of sustainable development strategies. Through a sound governance structure of the Company, strict compliance systems and responsible suppliers management, Nanfang Communication maintains open and transparent communication with all sectors of society and practices corporate citizenship responsibilities.

Renewed From Small Details

To advance the Group's environmental and hygiene initiatives and ensure sustainable, standardized management, Nanfang Communication actively organizes a series of environmental and hygiene activities aimed at comprehensively enhancing employees' environmental awareness. In addition to conducting regular company-wide clean-ups, we plan to introduce a variety of environmental protection measures and awareness campaigns. By fostering a green and eco-friendly corporate culture, we aim to deeply embed the importance of environmental protection into our daily operations.

The Group continues to organize training and education programs for employees on environmental protection and hygiene management to strengthen their focus on environmental issues. By regularly hosting environmental knowledge seminars, distributing promotional posters, and conducting themed environmental activities, we effectively encourage employees to translate environmental principles into concrete actions. Furthermore, we actively collaborate with local communities to carry out public welfare initiatives such as waste sorting and environmental improvement projects, with the goal of spreading the concept of green development to a broader segment of society.

Through ongoing environmental and hygiene initiatives and community outreach, Nanfang Communication is committed to fostering a civilized, healthy, and clean work environment. We deeply integrate the principles of sustainable development at both the corporate and community levels, striving to create a more livable and sustainable living environment for our employees and the public. We are dedicated to making a tangible contribution to environmental protection and demonstrating our social responsibility as a corporate citizen.



CREATING VALUE FOR THE ENVIRONMENT

To respond to the “Dual Carbon” target that our country insists on, i.e. to achieve carbon peaking by 2030 and carbon neutrality by 2060, in an active manner, the Group adheres to the concept of “Green Manufacturing, Low-carbon Development, Respecting Resources and Giving Back to Society”. We continue to explore and promote the renovation of energy-saving technology, push forward green production, energy saving and emission reduction through various measures. At the same time, we strive to build a sustainable supply chain and enhance the standard of green manufacturing. We have established an environmental management system accredited by the international standards ISO14001:2015 and an energy management system accredited by ISO50001:2018, striving to provide support for Nanfang Communication’s construction of a green and harmonious home.

The Group strictly complies with the “Environmental Protection Law”, the “Law on Prevention and Control of Air Pollution”, the “Law on Prevention and Control of Water Pollution”, the “Law on Prevention and Control of Environmental Noise Pollution”, the “Law on Prevention and Control of Solid Waste Pollution”, the “Law on Energy Conservation” of the PRC, and other laws and regulations on environmental protection and energy conservation in the regions where we operate. At the same time, we have developed system and procedures for handling waste water, exhaust gas, wastes and noise to regulate the environmental impact of our production process. During the Reporting Period, we did not have any significant violations of applicable laws and regulations regarding emissions of exhaust and greenhouse gases, discharges into water and land, generation of wastes and use of resources, nor did we have any issue in sourcing water.



ISO14001:2015 Certificate



ISO50001:2018 Certificate

During the Reporting Period, Nanfang Communication successfully obtained the Corporate Greenhouse Gas Verification as well as five product TLC Carbon Footprint Certification Certificates, including optical splitter and outdoor optical cable. This marks a solid step forward in our pursuit of environmental protection and economic supply, and our contribution to technological innovation to promote green production and the low-carbon transformation of the nation.



Optical Fibre Active Connector Certification



Optical Splitter Certification



Prefabricated End Butterfly Drop Cable Certification



Outdoor Optical Cable Certification



Butterfly Drop Cable Certification



Greenhouse Gas Verification Statement

In addition, in order to promote the practice of green manufacturing, we have set a series of rigorous standards and evaluation indicators. These standards include, but are not limited to, improving production efficiency, raising processing efficiency and reducing energy consumption. The improvement work of the project team must be able to demonstrate excellent performance in these aspects and help Nanfang Communication achieve certain results in cost reduction and efficiency improvement.

Green Office Policy

In terms of green office practices, the Company actively promotes paperless operations and eco-friendly commuting among employees. We continue to advance the development of information systems, prioritize the purchase of new energy vehicles for business use, and provide charging services for employees. At the same time, we have introduced professional administrative service resources and adopted a strategy of integrating external resources for printing equipment, engaging specialized companies to provide eco-friendly printing services, thereby further reducing the consumption of printer toner and ink cartridges.

Furthermore, the Company has obtained ISO14001: 2015 Environmental Management System accreditation, which covers all of our core business operations, including environmental management activities and facilities related to the design and production processes of our products. We conduct annual external audits in accordance with ISO14001: 2015 standards to assess environmental compliance of the Company, the implementation of environmental management policies, and risk control measures, and we undergo recertification audits every three years to ensure that environmental management audits cover the entire scope of operation of Nanfang Communication.

Building on this foundation, Nanfang Communication adheres to green incentive and accountability mechanisms. Focusing on the evaluation system for ecological civilization construction indicators – such as resource consumption, environmental impact, and ecological benefits – we are steadfastly advancing the development of green factories, emphasizing environmental compliance management for projects, and strengthening environmental monitoring and control across the entire industrial and supply chains.

Green Factory Management System






We actively embrace the concept of sustainable development and have formulated and implemented the “Corporate Green Factory Management System,” integrating environmental protection into every stage of our production and operations. Centered on five key principles – environmentally friendly design, energy and resource conservation, waste emission reduction, compliance and monitoring, and training and education – this system continuously minimizes the environmental impact of our operations by standardizing production activities, optimizing resource utilization, and strengthening waste sorting, treatment, and recycling.

We have established a comprehensive environmental monitoring system and regularly review and improve the implementation of these management systems to ensure that all environmental protection measures are effectively carried out. At the same time, by strengthening employee training on environmental awareness, we foster a positive atmosphere of full participation in green development. The implementation of this system has not only improved resource efficiency and reduced production costs but also demonstrates the Group’s firm commitment to fulfilling its social responsibilities and promoting green development.

Emissions Management

The Group fully recognizes the importance of controlling air pollutants during the production process. For processes that generate significant amounts of air pollutants, such as coloring and sheathing, we have installed a two-stage emission control system comprising “Activated Carbon Fibre” filters. At the same time, we regularly engage qualified institutions to conduct exhaust gas testing on fixed pollution sources within our facilities to ensure emissions comply with national standards. To control transportation emissions, we require all vehicles to use unleaded gasoline and, through annual inspections and the installation of exhaust purification devices, effectively reduce emissions of pollutants such as hydrocarbons and nitrogen oxides, thereby fostering a green operating environment. We fully recognize that human activities are the primary cause of climate change, and that current climate trends pose significant risks to the economy and society. As a leading supplier of optical communication products, Nanfang Communication bears a significant responsibility to reduce carbon emissions. Using 2018 as the baseline, the Group is committed to reducing greenhouse gas emissions intensity by 80% by the end of 2030. We regard carbon reduction as a core strategy for sustainable development and actively mitigate the potential impacts of climate risks on our business and society through systematic management measures and policy responses. As the Group’s carbon footprint primarily stems from indirect emissions resulting from electricity consumption, we have implemented various measures to reduce electricity usage; specific details are provided in the “Use of Resources” section. During the Reporting Period, the Group emitted a total of 8,238.91 metric tons of greenhouse gases (CO₂ equivalent), with an emission intensity of 0.12 metric tons of CO₂ equivalent per 10,000 RMB in revenue. These figures demonstrate our tangible progress in driving green transformation and fulfilling our commitment to sustainable operations, reflecting our firm stance on environmental protection.

TARGET PROGRESS

 Emission Reduction Target (Target Year: 2030)	Date of Base Year	Data of the Year	Greenhouse gases emission reduction percentage (2018 compared to 2025)	Target Progress
To reduce the emission density of total greenhouse gases (tCO ₂ e per RMB ten thousand of revenue) by 80%, with 2018 as the base year	2018 0.12	2025 0.12	reduced by 0% 	 0%
To reduce total absolute greenhouse gas emissions (tCO ₂ e) by 20%, with 2018 as the base year	2018 11,475.23	2025 8,238.91	reduced by 28.2% 	 100%

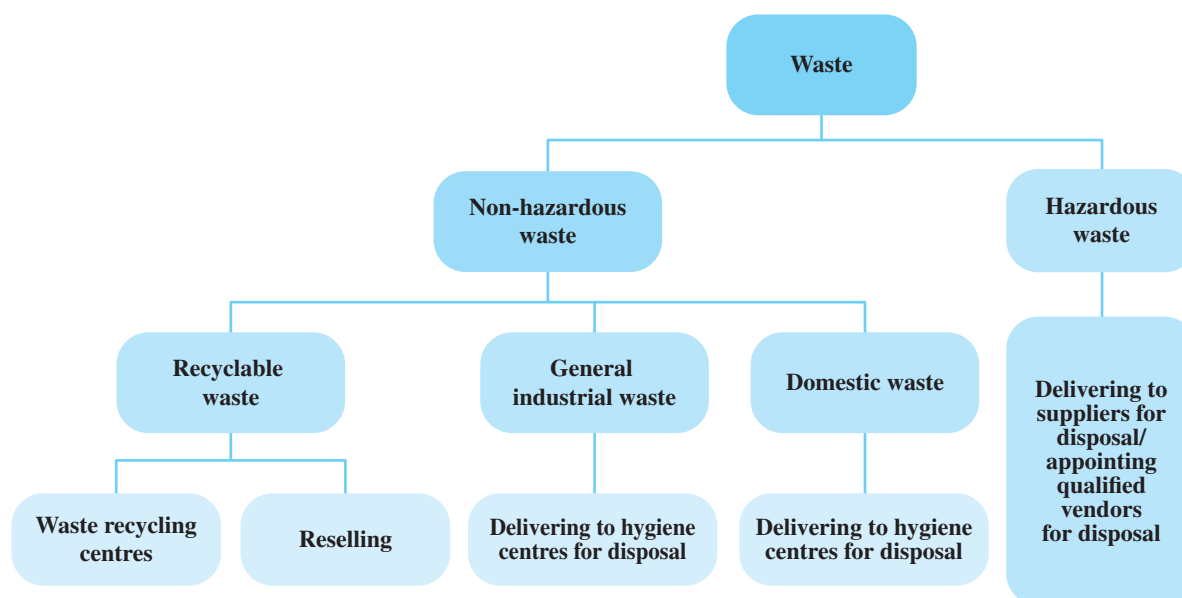
Waste Management

The wastes generated by the Group are mainly recyclable waste, general industrial waste, domestic waste and hazardous waste. In order to effectively control the utilisation of waste and reduce the impact of waste on the environment, we have formulated the “Waste Control Program” and “Waste Recycling and Disposal Regulations” to regulate the disposal of wastes. The wastes are stored and labelled in strict accordance with the regulations to prevent secondary pollution. Dumping and placing wastes in non-storage areas is also strictly prohibited.

For non-hazardous wastes, we will recycle and reuse as much as possible, including selling them or handing them over to waste recycling stations. As for hazardous waste such as paint buckets, mercury-containing fluorescent lamps, toner cartridges, wire insulation, toxic chemicals and packaging, we will hand them over to suppliers or qualified service providers to ensure that the impact on the environment is minimised. Through the formulation of relevant measures and procedures, we are committed to standardising the waste treatment process, ensuring the effective use of wastes and reducing its negative impact on the environment.

Management of Solid Waste Contractors

During the construction process, the contractors strictly comply with the “Regulations on the Administration of Construction Project Environmental Protection” of the PRC. For environmental factors that occur during the construction process, based on the principle of whoever carries out the construction is responsible, the project contractor will take corresponding measures, such as controlling dust, reducing noise, reducing the generation of sewage and waste oil, avoiding the scattering of debris, etc., and reducing the impact on the environment of pollution.



During the Reporting Period, the Group generated a total of 8.84 tonnes of hazardous waste and 55.29 tonnes of non-hazardous waste.

Target Progress

Waste Reduction Target (Target Year: 2030)	Data of Base Year	Data of the Year	Target Progress
To reduce the generation of non-hazardous waste (tonnes) by 30%, with 2018 as the base year	2018 66.15	2025 55.29	55%

Use of Resources

Nanfang Communication mainly relies on energy and water resources in the course of business operations. In order to reduce the use of resources, we have actively adopted energy-saving and consumption reduction measures and applied innovative technologies, and strive to achieve sustainable development goals. We are well-aware of the limitations of resources and the importance of protection, so we are committed to reducing resource waste and maximizing resource utilization efficiency by optimizing production and operation processes. At the same time, in order to further promote internal environmental protection practices, we actively implement green office policies, advocate a conservation office culture, and implement the 3R principles, i.e. to reduce, reuse and recycle resources, to reduce the impact on the environment.

In order to manage the Group's resource usage more scientifically, we have established a systematic resource management mechanism. By regularly collecting monthly data and setting consumption quotas, we can accurately monitor consumption patterns and promptly discover and improve deficiencies in resource usage. This data-driven management approach not only helps us optimize the use of energy and water resources, but also provides a reliable basis for formulating future energy conservation and emission reduction goals. At the same time, Nanfang Communication continues to explore and introduce more green technologies and low-carbon solutions, deeply integrating environmental protection concepts into every aspect of corporate operations.

Energy Consumption

We are aware that greenhouse gas emissions of the Group are mainly indirect emissions from the use of purchased electricity during its production processes. Therefore, we are committed to reducing our carbon footprint by reducing electricity consumption. To this end, we have developed the "Energy Management Manual" and the "Energy Management Control Procedures", and adopted the following energy-saving measures:



LED light source is adopted in our plants (energy saving rate up to 30%)

For the main production equipment, if it is not in use for more than 2 hours, the compressed air valve should be closed; if it is not in use for more than 1 day, the power switch should be closed.

All departments are responsible for supervising the management of lighting and electricity in the office area to save electricity and turn off the electricity facilities in due course.

Before purchasing equipment, the Production Management Department will evaluate the energy consumption of the selected equipment to avoid purchasing equipment with low energy efficiency.

At the same time, in order to increase the rate of using renewable energy and further reduce our reliance on purchased electricity, we have installed solar panels at our Jintan and Wujin plants. During the Reporting Period, the Group consumed 14,667,818.60 kWh of electricity, 14,982.78 litres of unleaded petrol and 4,451.04 litres of diesel.

Water Conservation

Water resources are precious resources necessary for the survival of humanity, and also a key factor in corporate realizing sustainable development. Nanfang Communication deeply recognizes the importance of water management. In order to improve water efficiency and reduce environmental impact, we have taken a number of measures to strengthen water management capabilities and promote the green development of the Company.



The Group places great emphasis on water resource management and is committed to reducing water consumption at the source. We have implemented a series of water-saving initiatives in our daily office and production operations. By displaying water-saving signs in office areas and production sites, we have heightened water conservation awareness among all employees and integrated environmental protection principles into every aspect of our daily work. By encouraging employees to actively participate in water-saving projects, we have successfully fostered a corporate culture that values water resources and fulfilled our responsibility toward sustainable development.


To ensure the efficient use of water resources, the Group has established a rigorous inspection mechanism, conducting regular specialized inspections of the water supply network and industrial water usage points. Upon detecting any leaks or equipment malfunctions, the maintenance team will be involved immediately to address the issue and prevent resource wastage. In our production processes, we continuously optimize manufacturing techniques and actively explore cooling water recycling technologies to achieve effective wastewater circulation. This closed-loop resource management model has significantly reduced our reliance on virgin water resources during production.

During the Reporting Period, the Group actively participates in improving water use efficiency to promote green production. The Group's total water consumption was recorded at 38,297.00m³, with a density of 0.53m³ per RMB ten thousand of revenue.

In terms of wastewater treatment, we strictly follow the relevant laws and regulations, and have obtained the relevant drainage permits and we treat the wastewater generated in the production process in accordance with the Tier 1 standard of the “Integrated Sewage Discharge Standard”. Through the establishment and implementation of internal management procedures such as the “Wastewater, Waste Gas and Noise Control Procedures”, we ensure that all wastewater undergo tertiary treatment at wastewater treatment facilities before discharge to minimize the impact on the environment. In addition, in order to prevent them from flowing into the sewers, we have adopted strict management measures with the plant premise, for example, we strictly prohibit the washing of vehicles in the plant and require our employees to use rags to wipe off oil and chemicals on the floor, ensuring that environmental responsibilities are practiced in every step.

Going forward, we will continue to optimize our water resource management system, actively adopt advanced water-saving technologies and management approach, and further improve the efficiency of water use and the capacity for water recycling. Meanwhile, we will continue to raise our employees’ environmental awareness, ensuring that every employee becomes both a practitioner and a driver of water conservation.

Target Progress

 Emission Reduction Target (Target Year: 2030)	Data of Base Year	Data of the Year	Target Progress
To reduce electricity consumption (kWh) by 30%, with 2017 as the base year	2017 14,119,121.00	2025 14,667,818.60	0%
To reduce water consumption (m ³) by 20%, with 2017 as the base year	2017 17,138.00	2025 38,297.00	0%

Coping with Climate Change

In the face of the severe challenges posed by global climate change, promoting carbon emissions reduction has become a consensus within the international community. Since 2021, the Chinese government has designated the “Dual Carbon Goals” as a core strategy for environmental protection. Nanfang Communication actively responds to the national call for “Carbon Peaking and Carbon Neutrality” by setting clear carbon reduction targets, fully integrating sustainable development into its business operations, and contributing to the mitigation of climate issues. The Group places high priority on the operational risks posed by climate change. We are acutely aware that the increasing frequency and intensity of extreme weather events present multiple challenges to the stability of our operations and the safety of our employees. For our production bases in Jintan and Wujin, we continuously assess potential threats such as torrential rain, flooding, and extreme heat to mitigate the risks of equipment damage or business disruption. To this end, we have established the “Emergency Preparedness and Response Control Procedures,” aimed at creating a comprehensive prevention and response mechanism to minimize the impact of climate change on our business operations.

In response to these situations, the Group have developed the following counter-measures:

- We have stipulated that cooling equipment such as electric fans should be installed and cold drinks should be provided in our workshops during summer. At the same time, workshop offices should be equipped with medication for the prevention and treatment of heatstroke.
- In case of extreme weather conditions such as strong winds and heavy rain, the power supply of our production sites will be temporarily cut off in accordance with relevant procedures and work will be halted.
- We will enhance our safety management of electrical equipment in adverse weather. For instance, inspections of electrical rooms will be carried out more frequently during thunderstorms, rainstorms and typhoons, and any equipment failures or abnormalities will be reported and handled in a timely manner according to relevant procedures.
- We regularly conduct emergency drills for employees to ensure that they understand the procedures and measures to deal with extreme weather events and improve employees’ ability to respond in emergencies.
- We carry out climate change risk assessment, continuously monitor meteorological data and climate change trends, adjust response strategies in a timely manner, and improve our adaptability to climate change.

In order to improve employees' ability to deal with extreme weather, we regularly conduct emergency drills to ensure that employees are familiar with the procedures and measures for dealing with extreme weather events and improve their response capabilities in emergency situations. At the same time, we continue to conduct climate change risk assessments, closely monitor meteorological data and climate change trends, and adjust response strategies based on the latest conditions to continuously improve our adaptability to climate change.

Nanfang Communication will continue to pay attention to the impact of climate change on corporate operations, and continuously improve response measures to ensure stable business operations and the safety of employees and equipment. At the same time, we will actively participate in carbon emission reduction and environmental protection actions and make positive contributions to building a low-carbon and environmentally friendly society.

Environmental Performance

The Group's environmental performance during the Reporting Period is summarised in the table below:

	Unit	2025	2024	2023
Air emissions ²				
Nitrogen oxides	kg	7.75	0.01	31.04
Sulfur oxides	kg	1.97	0	0.27
Particulate matter	kg	0.57	0.47	2.81
Energy consumption				
Electricity	kWh	14,667,818.60	11,763,703.00	12,764,887.00
Intensity	kWh per RMB ten thousand of revenue	204.81	142.00	145.66
Unleaded gasoline	litre	14,982.92	11,937.00	13,529.34
Intensity	litre per RMB ten thousand of revenue	0.21	0.14	0.15
Diesel oil	litre	4,451.04	4,512.00	4,266.67
Intensity	litre per RMB ten thousand of revenue	0.06	0.05	0.05

² The air emissions data only cover vehicles on road with records of vehicle mileage.

	Unit	2025	2024	2023
Greenhouse gas emissions				
Scope 1 ³	tCO ₂ e	35.80	28.51	43.78
Scope 2 ⁴	tCO ₂ e	8,238.91	7,177.04	7,787.86
Scope 3 ⁵	tCO ₂ e	72.66	60.40	70.75
Total	tCO ₂ e	8,347.37	7,265.94	7,902.39
Intensity	tCO ₂ e per RMB ten thousand of revenue	0.12	0.09	0.09
Water consumption				
Total	m ³	38,297.00	29,818.00	29,345.00
Intensity	m ³ per RMB ten thousand of revenue	0.53	0.36	0.33
Waste				
Hazardous waste	tonnes	8.84	10.55	10.19
Intensity	tonnes per RMB ten thousand of revenue	0.00012	0.00012	0.00012
Non-hazardous waste ⁶	tonnes	55.29	45.62	46.05
Intensity	tonnes per RMB ten thousand of revenue	0.0008	0.0005	0.0005
Material consumption				
Office paper	tonnes	2.61	2.18	2.84
Intensity	tonnes per RMB ten thousand of revenue	0.00004	0.00003	0.00003
Packaging material (wood)	tonnes	1,958.95	1,989.54	2,506.87
Intensity	tonnes per RMB ten thousand of revenue	0.03	0.02	0.03

³ Scope 1: direct greenhouse gas emissions are generated from the combustion of fuels by vehicles owned by the Group.

⁴ Scope 2: energy indirect greenhouse gas emissions are generated from the use of purchased electricity by the Group during its production processes.

⁵ Scope 3: other indirect greenhouse gas emissions are generated from paper consumption in offices and the business travel of the Group's employees by air.

⁶ It was estimated based on the number of employees at the end of the Reporting Period and the average daily quantity of domestic waste generated by each employee.

APPENDIX — HKE_x ESG REPORTING CODE INDEX

General Disclosures and KPIs		Explanation/Reference Section
Aspect A Environmental		
A1 Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes.	CREATING VALUE FOR THE ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	CREATING VALUE FOR THE ENVIRONMENT - Emissions Management, Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Waste Management, Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Waste Management, Environmental Performance
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	CREATING VALUE FOR THE ENVIRONMENT
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.	CREATING VALUE FOR THE ENVIRONMENT - Waste Management

General Disclosures and KPIs		Explanation/Reference Section
A2 Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	CREATING VALUE FOR THE ENVIRONMENT
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources, Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources, Environmental Performance
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	CREATING VALUE FOR THE ENVIRONMENT - Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, where appropriate, with reference to per unit produced.	CREATING VALUE FOR THE ENVIRONMENT - Environmental Performance
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	CREATING VALUE FOR THE ENVIRONMENT
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	CREATING VALUE FOR THE ENVIRONMENT

General Disclosures and KPIs		Explanation/Reference Section
Aspect B Social		
B1 Employment	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, antidiscrimination, and other benefits and welfare.	CREATING VALUE FOR EMPLOYEES – Labour Relations
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	CREATING VALUE FOR EMPLOYEES
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	CREATING VALUE FOR EMPLOYEES
B2 Health and Safety	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.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.2	Lost days due to work injury.	CREATING VALUE FOR EMPLOYEES – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	CREATING VALUE FOR EMPLOYEES – Health and Safety
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	CREATING VALUE FOR EMPLOYEES – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	CREATING VALUE FOR EMPLOYEES – Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	CREATING VALUE FOR EMPLOYEES – Training and Development

General Disclosures and KPIs		Explanation/Reference Section
B4 Labour Standards	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.	CREATING VALUE FOR EMPLOYEES – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	CREATING VALUE FOR EMPLOYEES – Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	CREATING VALUE FOR EMPLOYEES – Labour Standards
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain
KPI B5.1	Number of suppliers by geographical region.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain, Introduction of Suppliers
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain, Selection and Evaluation of Suppliers, Code of Conduct for Suppliers

General Disclosures and KPIs		Explanation/Reference Section
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Green Supply Chain, Green Procurement System
B6 Product Responsibility	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.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Customer Service, Information Security Management, Quality Management System and ISO Accreditation
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Quality Management System and ISO Accreditation
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Quality Management System and ISO Accreditation

General Disclosures and KPIs		Explanation/Reference Section
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Information Security Management
B7 Anti-corruption	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.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity
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.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity, Whistleblowing and Investigation
KPI B7.3	Description of anti-corruption training provided to directors and staff.	CREATING VALUE FOR CUSTOMERS AND SUPPLY CHAIN – Business Integrity
B8 Community Investment	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.	CREATING VALUE FOR THE COMMUNITY
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	CREATING VALUE FOR THE COMMUNITY
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	CREATING VALUE FOR THE COMMUNITY

Climate-related Disclosures	Explanation/ Reference Section
Governance	
<p>19. An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <p>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p> <p>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p> <p>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;</p> <p>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and</p> <p>(b) Management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:</p> <p>(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and</p> <p>(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.</p>	<p>SUSTAINABLE DEVELOPMENT – ESG Governance Structure</p> <p>In relation to item 19(a) (iv), we are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>

Climate-related Disclosures		Explanation/ Reference Section
Strategy		
20.	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; (b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; (c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and (d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>
21.	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>

Climate-related Disclosures	Explanation/ Reference Section
<p>22. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: <ul style="list-style-type: none"> (i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>

Climate-related Disclosures	Explanation/ Reference Section
<p>23. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>
<p>24. An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>
<p>25. The issuer shall provide qualitative and quantitative disclosures about:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>

Climate-related Disclosures

Explanation/ Reference Section

26. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:

We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.

- (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:
 - (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;
 - (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and
 - (iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;
- (b) how and when the climate-related scenario analysis was carried out, including:
 - (i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);
 - (ii) the key assumptions the issuer made in the analysis; and
 - (iii) the reporting period in which the climate-related scenario analysis was carried out.

Climate-related Disclosures	Explanation/ Reference Section
Risk management	
<p>27. An issuer shall disclose information about:</p> <p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p> <p>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</p> <p>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;</p> <p>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</p> <p>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;</p> <p>(v) how the issuer monitors climate-related risks; and</p> <p>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;</p> <p>(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and</p> <p>(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.</p>	<p>SUSTAINABLE DEVELOPMENT – ESG Governance Structure</p> <p>CREATING VALUE FOR THE ENVIRONMENT – Coping with Climate Change</p> <p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>

Climate-related Disclosures		Explanation/ Reference Section
Metrics and Targets		
28.	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	CREATING VALUE FOR THE ENVIRONMENT – Environmental Performance
29.	An issuer shall: <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer’s Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	CREATING VALUE FOR THE ENVIRONMENT – Environmental Performance
30.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.

Climate-related Disclosures		Explanation/ Reference Section
31.	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.
32.	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.
33.	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.
34.	An issuer shall disclose: <ul style="list-style-type: none"> (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. 	We currently do not apply carbon pricing in any of our decision-making processes; therefore, we have not established a formal internal carbon pricing mechanism or set a specific price per ton of greenhouse gas emissions. We will continue to assess our internal management needs and regulatory requirements to determine whether to introduce carbon pricing in the future.
35.	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate-related considerations are not currently incorporated into the remuneration policy; however, ESG factors and climate risk management will be taken into account when evaluating the Board's performance.
36.	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.

Climate-related Disclosures	Explanation/ Reference Section
<p>37. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 	<p>CREATING VALUE FOR THE ENVIRONMENT – Target Progress</p> <p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>
<p>38. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer’s processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>

Climate-related Disclosures	Explanation/ Reference Section
<p>39. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>
<p>40. For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>
<p>41. In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	<p>We are currently establishing relevant data collection mechanisms, and will make the disclosure when it is feasible.</p>