QUALI-SMART HOLDINGS LIMITED
滉達富控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
（於開曼群島註冊成立的有限公司）
Stock code 股份代號：1348

2026
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT
環境、社會及管治報告

*For identification purpose only 僅供識別

CONTENTS

Environmental, Social and Governance Report 2026

INTRODUCTION

Quali-Smart Holdings Limited ("**the Group**") is pleased to present its Environmental, Social and Governance (ESG) Report for the year commencing on 1 April 2025 to 31 March 2026 ("**Reporting Period**").

This report outlines the Group's dedication to upholding high standards of corporate social responsibility (CSR). Internally, this involves cultivating a safe and healthy workplace while investing in the professional development and training of our employees. Beyond our operations, we remain actively engaged in charitable initiatives to support the communities we serve.

Regarding environmental stewardship, the Group is committed to minimizing its carbon footprint across all business processes. We maintain strict operational controls to ensure full compliance with all relevant environmental laws and regulations. To balance sustainable growth with environmental protection, we continuously monitor and evaluate the effectiveness of our green initiatives.

REPORTING STANDARDS

This report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "**ESG Reporting Code**") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited. It serves as a comprehensive disclosure of the Group's performance, key initiatives, and achievements, reflecting our ongoing commitment to transparency and sustainable business practices.

REPORTING PRINCIPLES

The Group prepared its ESG Report by adhering to the fundamental reporting principles, namely materiality, quantitative, balance and consistency, as outlined in Hong Kong Exchanges and Clearing Limited ("**the HKEx**") ESG Reporting Code.

1. **Materiality:** This report focuses on environmental, social, and governance issues that are significant to our stakeholders and have a material impact on our business.

2. **Quantitative:** All disclosed information, environmental and social KPIs were organised and calculated according to HKEx ESG Reporting Code and standardised methodologies. The assumption and calculation principles are illustrated in the relevant sections.

3. **Balance:** The information contained in this ESG Report shall be unbiased and free from any selections and omissions or presentation formats that may inappropriately influence a decision or judgement by the reader of this ESG Report.

4. **Consistency:** Unless otherwise specified, the ESG Report has been prepared in the same way in terms of the reporting scope and methodologies when compared to those in previous years. We adopted consistent environmental and social data management approach to allow a fair comparison of our performance over time.

ABOUT THE GROUP

During the Reporting Period, the Group primarily engaged in toy manufacturing on an OEM basis ("**Toys Division**") and the provision of financial services in securities brokerage, underwriting, securities margin financing, investment advisory, corporate finance advisory and asset management services ("**Financial Services Division**"). In view of the relative materiality of impact of the operations of both the Toys Division and the Financial Services Division on the Group's overall business performance as well as on various ESG aspects during the Reporting Period, the Board of the Company ("**the Board**") believes that both the Toys Division and the Financial Services Division are included in this ESG Report.

However, marked by the Group's complete cessation of its financial services business in December 2025 and the subsequent disposal of the relevant subsidiaries.

Environmental, Social and Governance Report 2026

SCOPE AND PERIOD OF THE ESG REPORT

The scope of the ESG Report is determined each year by the Group, having considered the business operations and size of each division and the latest development. A total of 2 division have been included in the ESG Report for the year, including Toys Division and Financial Service Division.

BOARD STATEMENT

We believe that sustainability has the utmost high priority in the development of our business in the long run and hence we have incorporated climate-related issues as well as ESG elements into our long-term business strategic plans.

Sustainability Governance

To ensure the ESG elements are appropriately and effectively incorporated in the business plans of the Group, the Board undertakes the overall responsibility to formulate the relevant strategy, regularly review the ESG practices and performance of the Group as well as the ESG reporting. The sustainability targets and goals are reviewed by the Board regularly. An ESG working team, comprising executives and representatives from different departments, has been established and authorised to conduct day-to-day operations to implement the ESG policy.

ESG Risks Management

ESG risks which may impact the Group's business and operations are incorporated into the risk assessment framework and updated by the management regularly. Each ESG risk is evaluated in terms of the significance of impact and likelihood of occurrence before prioritization. Risks with high priority are categorized as material ESG risks and will be reported to the Board on a regular basis.

Board meeting is held quarterly to review the risk assessment framework, the ESG risks as well as the feedback collected through stakeholder engagement before formulating responsive business strategies. To ensure the risk management and internal control systems are implemented properly and effectively, the Audit Committee is responsible for overseeing and discussing the systems with management.

During the Reporting Period, there were occasional extreme weather conditions and climate-related risks and contingency recovery plan was identified. The Group has investigated possible measures and the feasibility of enhancing supply chain resilience under the impact of the extreme weather condition. For the climate related risk and effectiveness of contingency recovery plan, please refer to the relevant section for mitigation measures implemented.

All in all, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group. We will also continue to provide reliable, consistent and comparable environmental, social and corporate governance material information to our stakeholders.

STAKEHOLDERS' ENGAGEMENT AND MATERIALITY

To identify and prioritize the ESG issues most relevant to its operations, the Group regularly engages its management alongside key stakeholders, including shareholders, employees, and subcontractors. This collaborative process allows the Group to review critical areas of concern and refine its ongoing approach to sustainability. Given that there were no material changes to the Group's business model or external regulatory requirements during the reporting period, the Group maintained the same materiality framework and stakeholder assessment methodology as applied in the previous reporting period.

The Group values input and feedback from its stakeholders as they bring potential impacts to the Group's business. Internal and external stakeholders have been involved in regular engagement activities to share views regarding the Group's operation and performances. The Group has included board members, senior management and frontline staff to identify key ESG aspects and challenges in the Reporting Period. Through discussion and data gathered among the relevant management members and divisions, the Group was able to obtain better understanding on stakeholders' concern on corporate environmental-friendly policy, employment and labour practice, as well as training and development policy. As a result, the management further identified air emission, environmental protection measures, labour protection as well as anti-corruption as top material aspects. The Group will continue to identify areas of improvement for the concerned aspects and keep close communication with its stakeholders to share and exchange ideas for advancing the Group's ESG management.

Environmental, Social and Governance Report 2026

FEEDBACK AND CONTACT

The latest information on the Group's financial performance and corporate governance during the Reporting Period can be found on the official website (https://quali-smart.com/) and the Annual Report. The Group welcomes all feedback from investors and stakeholders. Your comments are highly valued. If you have any suggestions or comments, please contact us at:

Address: Suite 3902, 39/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
E-mail: ir@quali-smart.com

A. THE ENVIRONMENT

The Group is committed to protecting the environment and sustainability in the long-term by incorporating various environmental-friendly aspects in formulating its business operating policies and practices. We have established procedures to ensure our operation and businesses are in compliance with the applicable safety and environmental regulations, aiming to minimize the consumption of natural resources and hence protecting the environment during the Reporting Period.

During the Reporting Period, the manufacture of toy products by the Toys Division of the Group was continued to be mainly sub-contracted out to qualified entities and factories. Despite outsourcing, the Group still adopted strict policies by imposing corresponding requirements on our engaged sub-contractors for the manufacturing services rendered as if we had to comply with the same requirements ourselves in accordance with the relevant laws and regulations relating to environmental protection of The People's Republic of China ("**PRC**"), including the Environmental Protection Law of the PRC, the Environmental Impact Assessment Law of the PRC, Regulations on Administration of Construction Project Environmental Protection, Prevention and Control of Atmospheric Pollution of the PRC and Prevention and Control of the Water Pollution Law of the PRC, amongst others. During the Reporting Period, the Toys Division was not aware that it had been the subject of any material non-compliance incidents or material claims in the form of any compensation or penalty levied for environmental disruption caused by the sub-contractors engaged by the Group for its business.

Given the nature of the Financial Services Division's operations, its environmental impact is inherently limited. The division does not produce significant emissions, wastewater, or solid waste. Until the cessation of its financial services business, the division remained in full compliance with all relevant regulations, with no environmental claims, complaints, or enforcement actions brought against it.

A1. Emissions

The Group remains committed to ensuring its business activities fully comply with all applicable local laws and regulations. Key legislation includes, but is not limited to, environmental protection of the PRC, including the Environmental Protection Law of the PRC, the Environmental Impact Assessment Law of the PRC, Regulations on Administration of Construction Project Environmental Protection, Prevention and Control of Atmospheric Pollution of the PRC and Prevention and Control of the Water Pollution Law of the PRC, amongst others.

Management is acutely aware of the serious legal repercussions associated with environmental non-compliance, which may include mandatory rectification orders, administrative penalties, production suspensions, or closure. To mitigate these risks, the Group has established robust environmental protection mechanisms centered on emission reduction, consumption efficiency, and low-carbon initiatives. By embedding these green management practices into day-to-day operations, the Group continuously strives to minimize its environmental footprint.

The Group recognizes that the manufacturing facilities operated by sub-contractors for the Toys Division generate greenhouse gas emissions. To address this, the Toys Division requires these partners to implement targeted environmental measures that enhance energy efficiency and foster conservation across the supply chain. Specifically, during the reporting period, sub-contractors were required to maintain robust exhaust gas treatment systems utilizing activated carbon absorption technology to process emissions from spraying and injection molding processes. These systems fully comply with local regulatory standards. Conversely, the Financial Services Division's carbon footprint is inherently minimal, driven primarily by general office electricity consumption for lighting and equipment. To mitigate this, the Group has introduced energy-saving lighting facilities throughout its financial services operations.

A1.1 Air Emissions

It was noted that the air pollutant emission sources of the Group are mainly generated from the use of motor vehicles for the transport of finished products and manufacturing related materials of the Toys Division. The following table shows the pollutant emissions during the Reporting Period:

Pollutant	**Emission Volume (tonnes)**		**Intensity***	
	2026	2025	**2026**	2025
Nitrogen Oxides (NO_x)	**42.75**	102.00	**0.00014**	0.00005
Sulphur Oxides (SO_x)	**0.09**	0.00	**0.00000**	0.0000001
Respiratory Suspended Particles (RSP)	**2.01**	8.00	**0.00000**	0.000002

* Intensity measured in tonne per unit of toy product produced. During the reporting period, the Group's total production volume reached 313,452 units.

A2. Waste Management

Solid waste generation is also strictly managed across the Group's divisions. For the Toys Division, sub-contractors are required to optimize material consumption to minimize both hazardous and non-hazardous waste. Furthermore, to minimize the environmental impact of solid waste, the Group requires its sub-contractors to maintain dedicated on-site storage areas where hazardous and non-hazardous waste are separated. These materials are subsequently managed by relevant authorised entities, either through professional recycling companies or collection by local government hygiene departments for proper disposal.

The Financial Services Division produces no significant hazardous or industrial waste, with its output limited to general office paper consumption from client reporting and transaction records. To reduce this waste, the Group actively encourages electronic record-keeping for both internal communications and daily client transactions, while prioritizing the use of recycled paper for essential printing needs.

A2.1 Hazardous Waste

During the Reporting Period, the Group has generated harmful or hazardous waste during the toy manufacturing process. The total amount of hazardous waste generated by the Toys Division of the Group during the Reporting Period was nil (2025: nil). To properly handle the hazardous waste, our major sub-contractors engaged qualified entities to collect and properly process such waste on a regular basis to ensure compliance with the environmental protection requirements as imposed by the local authorities.

A2.2 Non-Hazardous Waste

The total amount of non-hazardous waste generated by the Group during the Reporting Period mainly consisted of packing materials consumed in terms of cardboard, packing belts and buckles and scrapped metal and plastic materials of approximately 165.49 tonnes (2025: 36 tonnes) in total. This increased amount of waste stream consisted primarily of packaging materials, including cardboard, packing belts, and buckles, alongside scrapped metal and plastic materials. Of which, packaging materials in forms of carton boxes and paper as well as plastic bags consumed by our Toys Division during the Reporting Period was approximately 44.63 tonnes (2025: 5.0 tonnes) or 0.000142 tonnes per unit produced (2025: 0.000002 tonnes). Other such waste was mainly in form of general office waste and the relevant data is not available. The Group has reviewed its current system and aims to improve the relevant measures to quantify such waste.

A3. Consumption of Resources

The Group views environmental protection as a foundational pillar of its long-term sustainable development, integrating resource conservation and efficiency into its daily operations. To maintain high environmental standards, the Group executes systematic tracking and evaluation under an annual Environmental Monitoring Plan. This framework includes an established early-warning and notification protocol, ensuring that any operational anomalies or resource inefficiencies are immediately identified and flagged to relevant functional departments for swift corrective action.

Set forth below are the statistics of consumption of certain resources by the Toys Division and Financial Services Division of the Group during the Reporting Period:

Consumption of resources	Toys Division		Financial Services Division		Total	
	2026	2025	**2026**	2025	**2026**	2025
Electricity (kWh)	**980,298**	2,058,823	**42,503**	91,920	**1,022,801**	2,150,743
Water consumption (m^3)	**14,617**	21,004	**0**	0	**14,617**	21,004

The significant reductions in electricity and water consumption were attributable to the divestment of the financial services division and the downsizing of Toys Division, alongside the Group's strategic pivot toward exploring new growth directions.

A4. Energy Management

For the purpose of fuel and power saving, our Toys Division required our sub-contractors to have energy saving facilities installed on certain injection molding machines such as the use of standby mode of operation instead of ongoing motors running mode to enhance their power utilization efficiency. Besides, relevant production lines of our sub-contractors were modified under a lean production approach by simplifying and shortening the production processes and hence to minimize and shorten the components delivery need and relevant packaging materials consumed. Meanwhile, we noted that water consumption was not significant during the sub-contracted production process for the Toys Division. Besides, our Toys Division has adopted the use of biodiesel for their canteen kitchen operating usage as well as the use of vinyl machine for production purpose that allowed us to make use of energy with less polluting impact.

In general, the Group requires our employees to switch off office electronic facilities such as lighting, business and computer equipment during unattended hours in the relevant office or working areas and encourages employees to set the temperature of the air-conditioning systems for the working areas within optimal temperature level or turn off all the lights when leaving the working areas or the office at night. We also encourage employees to refrain from unnecessary paper printing if it is practicable to do so. In order to enhance the awareness of such resource saving practice, slogan and reminder messages were posted around the power switches or equipment stations throughout the working areas.

A5. Water Management

The Group actively monitors and manages wastewater discharge across its operations, focusing primarily on the manufacturing activities of its Toys Division sub-contractors. Although the manufacturing processes themselves generate limited effluent, the Group mandates that sub-contractors process all domestic sewage through on-site filtration tanks to eliminate impurities before discharging it into the public sewage network. To ensure compliance, the Toys Division requires regular wastewater quality assessments conducted by qualified and authorized independent entities.

Oversight is maintained through regular management site visits to sub-contractors' manufacturing plants, alongside thorough reviews of their compliance certificates and official audit documentation. Reflecting these standards, the Group's major sub-contractor was issued a "Sedex Members Trade Audit Report" by a recognized external auditing firm during the reporting period, which indicated no material non-compliance.

For the Financial Services Division, the nature of its daily operations ensures it has no significant or adverse impact on water systems or land emissions.

Water resources management is a core concern for stakeholders. The Group has incorporated the collection of water consumption data into its regular business operations. This enables the Group to identify and manage potential risks associated with water and optimize its water usage. The details of the Group's water consumption during its operations are stated in "Consumption of Resources".

Furthermore, the Group encountered no issues or constraints regarding water sourcing during the reporting period.

A6. The Environment and Natural Resources

We are committed to building an environmental-friendly corporate which strives to minimize our usage of energy and office stationery and encourage recycling of materials used in the office and working area.

During the Reporting Period, our Toys Division has implemented certain environmental measures included but not limited to avoid excessive components in our products; minimise packaging as far as possible for our products and to use of environmentally-friendly packaging materials as possible as we can; efficient use of carton boxes and containers to lessen the need for logistics and maximise the use of off-peak delivery schedule as practicable as possible. Besides, we also sourced paper from sustainable sources endorsed by the Forest Stewardship Council and used recycle paper where feasible in our operation as well as certain production materials in form of low-density polyethene of bio-based nature.

Moreover, our Toys Division also processed those broken plastic containers for production line by regrinding and remoulding them into new containers for further use to minimize solid waste generated.

Our Financial Services Division also offers electronic statements and trade confirmation with their clients in order minimize paper usage.

In general, the Group is determined in adopting energy saving measures such as utilization of power-saving office lighting system in the form of LEDs or T5 fluorescent tubes and the maximization of the use of natural daylight for office lighting purpose. Also, we maintain water filtering equipment for staff consumption purpose instead of using bottled water and install water-saving dispensing tap equipment for the office washrooms in order to reduce water wastage. During the Reporting Period, the Group was not aware that it had been the subject of any environmental claims, lawsuits, penalties or disciplinary actions, nor was there any material non-compliance of the relevant laws and regulations related to environmental protection or the consumption of natural resources.

A7. Packaging Materials

During the Reporting Period, the Group has generated packaging materials during the toy manufacturing process. The total amount of packaging material generated by the Toys Division of the Group during the Reporting Period was 120.50 tonnes (2025: nil). Relevant production lines of our sub-contractors were modified under a lean production approach by simplifying and shortening the production processes and hence minimising the need for components delivery and relevant packaging materials. This time, the Toy Division had to use packaging materials because it wrote off some inventory.

A8. Significant impacts on the environment and natural resources

The Group remains dedicated to balancing sustainable economic growth with robust environmental governance, ensuring its operations maintain a minimal ecological footprint. Although the core manufacturing processes within the Toys Division involve the consumption of energy and water resources, these inputs are strictly controlled through a comprehensive environmental strategy. By adhering to rigorous regulatory standards and maintaining proactive operational oversight, the Group is positioned to identify potential environmental risks early and deploy decisive mitigation measures. This forward-looking management approach ensures full compliance while continuously optimizing operational strategies to minimize the impact on natural resources. Following the cessation of the financial services division, the Group remains committed to the ongoing optimisation of resource efficiency across its Toys Division. An integrated resource strategy has been implemented to systematically reduce the input of raw materials, water, and energy, while concurrently decreasing waste, pollutants, and carbon emissions. For its manufacturing processes, the Group has established clear, structured reduction targets specifically for electricity consumption, water utilization, and greenhouse gas emissions.

To achieve its sustainability objectives, the Group has put in place the following practical implementation measures across its operations:

- Professional Training and Awareness Enhancement: The Group regularly organizes educational programs and workshops to emphasize the importance of energy conservation to its workforce.

- Refined Energy Consumption Management: Efficiency practices are embedded directly into daily operations. For instance, the use of air conditioning is strictly regulated and restricted when ambient outdoor temperatures fall below a predetermined threshold, eliminating unnecessary power consumption.

- Behavioral Guidance: To reinforce everyday energy efficiency, prominent energy-saving reminders and signs are posted next to lighting switches throughout the facilities, prompting employees to turn off lights when leaving work areas.

B. SOCIAL

B1. Employment

The Group believes that our business success is dependent on our experienced talents. We promote equal opportunities to all our employees. The remuneration package and employment benefits are reviewed annually by reference to prevailing market standard as well on individual merits. We do strictly comply with relevant laws and regulations for our employment system in terms of recruitment, compensation and benefits, as well as safety measures adopted.

For the purpose of creating a fair and harmonious working environment, the Group established proper communication system between the employees and the management in order to allow for sufficient opportunities and channels for comments and feedback exchange between the parties. Communication can be made either by written form or oral form. Any reported subject will be further reviewed and investigated by independent management member for proper remedial or follow up action taken. During the Reporting Period, the Group strictly complied with the Hong Kong Employment Ordinance and the various anti-discrimination ordinances in Hong Kong. There was also no reporting of material incidents between the employees and the management that required follow-up actions.

B1.1 Employees Information

During the Reporting Period, the details of the employees' distribution by gender and employment type of the Group are as follows:

	Male		**%**		**Female**		**%**		**Total**		**%**	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
Directors and senior management	**4**	7	**86**	70	**0**	3	**14**	30	**4**	10	**100**	100
General staff	**2**	17	**67**	52	**1**	16	**33**	48	**3**	33	**100**	100
Total employees	**6**	24	**80**	56	**1**	19	**20**	44	**7**	43	**100**	100

During the Reporting Period, age group distribution on employees turnover of the Group are as follows:

Age Group	**2026**	2025
	%	%
Below 30	**0**	27
30 to 50	**0**	55
Over 50	**100**	18
Total	**100**	100

At end of the Reporting Period, age group distribution of the employees of the Group are as follows:

Age Group	2026 %	2025 %
Below 30	**0**	6
30 to 50	**29**	43
Over 50	**71**	51
Total	**100**	100

Notes:

1. *All employees of the Group were based in Hong Kong.*

2. *The turnover rate of employees for the Reporting Period was approximately 25% (2025: 3%).*

3. *Number of employees is calculated on an average basis during the Reporting Period.*

4. *The significant decrease in the number of employees was due to the Group's complete cessation of its financial services business in December 2025 and the subsequent disposal of the relevant subsidiaries.*

As one of the fundamental management principles of the Group is to maintain equality of human resource, there is no gender preference in all levels of employees and management structure. Indeed, the Group values all employees in terms of their contribution to the Group's business.

B1.2 Recruitment and Dismissal

The Group focuses on building a robust talent pipeline to support the long-term operational needs. Through systematic human resource planning, management identifies the specialized technical skills and practical expertise required across its operations, while prioritizing a local employment policy. Talent acquisition decisions are closely aligned with the Group's broader business strategies, development plans, industry trends, and the competitive landscape. Candidates are selected objectively based on their professional qualifications, educational background, and core competencies, ensuring equal opportunity. To support retention, the Group's remuneration framework provides all employees with a stable fixed salary, complemented by job-grade allowances and performance-based bonus incentives.

On recruiting talents, both internal and external sources are reviewed for identifying appropriate individuals to fit in the available openings. Collaterals or deposits of any kind are prohibited for acceptance from employees and we do allow employees right to freedom to prevent forced labour.

When employees resign, they will receive reasonable departure compensation based on their reasons for leaving and the Group's policies. The human resources department will also conduct exit interviews to understand employees' thoughts and experiences during their tenure at the Group. The feedback from employees will be further transformed into recruitment criteria for the Group, thereby enhancing employee satisfaction.

As for terminated employees, we will give adequate notice and basis of termination in accordance with applicable laws and those specified in the employment contracts.

As of 31 March 2026, the Group did not face any significant challenges in employee recruitment nor any major employee or labour disputes.

B1.3 Appraisal and Promotion

The performance appraisal cycle varies according to the positions of the employees. Performance appraisal of staff is conducted annually. The performance appraisal is supervised by respective executive Directors of the Group. The Company also adopted a share option scheme for the purpose of rewarding eligible participants for their contribution to the Group. In order to promote and maintain a healthy atmosphere for the employees, the Group also organized annual dinner gathering among the staff with the management to share an enjoyable time beyond the ordinary working environment.

B1.4 Remuneration and Benefits

We offer competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retain talents. Salaries are reviewed on a regular basis and revised with reference to performance appraisals and market trend. Employees of the Group are entitled to discretionary bonus, provident fund scheme, medical insurance and various types of incentive paid leave in addition to annual leave, sick leave, maternity leave and relevant compensation as required by the relevant laws and regulation as imposed in the relevant territories of operation.

Remuneration packages of the Group were determined with reference to its remuneration policy based on position, duties and performance of the employees. Employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. Working hours and leave is maintained and granted in strict compliance with relevant laws and regulation. Our employment benefits include mandatory provident fund, medical and health insurance covering in-patient and out-patient benefit levels, all benefit details are provided to new employee together with the employee handbook.

B1.5 Diversity and Inclusiveness

The Group did not tolerate for discrimination concern in terms of race, gender, age, social hierarchy, religion and disability be any of the talent recruiting selection criteria. All applicants have equal opportunities for an interview as long as they possess the academic background, skill and legitimate age level as per job requirement stated.

B2. Health and Safety

Considering our employees as valuable assets for contributing to the Group's success and sustainability, their health and safety as well as well-being is also a major concern the Group attends to. We did strictly comply with the laws and regulations regarding labour safety and hygienic condition for our employees in relevant operating territories including the Occupational Safety and Health Ordinance in Hong Kong and the Law of the PRC on Prevention and Control of Occupational Diseases and Production Safety Law of the PRC.

B2.1 Physical Safety

The Group provided our employees with an environmental, health and safety manual and provided workers with necessary protective equipment such as face masks, ear plugs, safety shoes and protective gloves to carry out their duties. The premises were also equipped with emergency lightings, emergency exit sign posts, fire extinguishers and fire hoses to ensure fire safety. These fire safety facilities were also checked by security staff regularly with patrol records being registered via Radio-frequency identification ("**RFID**") patrol systems. Fire drills were also conducted every six months to ensure staff members were familiar with fire escape routes and procedures. Besides, we also arranged applicable medical protection plan for our employees to attend their respective needs for necessary physical examination or medical treatment. During the Reporting Period, the Group was not aware of any safety non-compliance incident.

The Group maintained a zero work-related fatalities record during the reporting period, marking three consecutive years with zero work-related fatalities and no lost days due to occupational injuries. Additionally, Our major sub-contractor was issued with the "Sedex Members Ethical Trade Audit Report", with the resulting report noting no material non-compliance issues.

To safeguard the health of its workforce and the broader community, the Group maintained a proactive approach to workplace health and safety during the reporting period by enforcing the following preventative measures across its office facilities:

– Sanitization Protocols: Implementing a routine schedule for the thorough cleaning and disinfection of all office communal and working areas.

– Commuting Adjustments: Modifying operational hours to allow employees to travel outside of standard peak times, effectively reducing their exposure to heavy public transit traffic.

B3. Development and Training

The Group provides on-the-job training to our employees in order to assist them to adapt to their work and the Group's culture effectively and efficiently. The Group also provides in-house training session as well as subsidies to qualified employees in attending external training sessions to improve their skill and knowledge in performing their jobs and social responsibility knowledge.

Prior to the cessation of the Financial Services Division, the Group actively monitored and tracked compliance with the Continuous Professional Training (CPT) requirements under the Hong Kong Securities and Futures Ordinance to ensure all licensed personnel received timely and adequate professional development. During the reporting period, the Group recorded no incidents of material non-compliance regarding these statutory training obligations. To support staff development within this division, the Group provided practical financial assistance, including tuition fee subsidies, educational allowances for industry seminars and courses, and reimbursements for professional membership fees. Furthermore, personnel were encouraged to systematically share and circulate regulatory updates and market intelligence gathered through their professional networks to maintain high compliance awareness across the team.

The Group is committed to providing support for our directors, responsible officers, licensed representatives and other employees in continuous professional training and encourages them to attend training programmers organised by various professional bodies.

Furthermore, pursuant to the provision A.6.5 under Appendix 14 of the Main Board Listing Rules, all directors of the Company are required to participate in continuous professional training to develop and refresh their knowledge and skills. During the Reporting Period, all directors of the Company complied with the requirement of the Listing Rules in attending relevant continuous professional training by way of attending business seminars or forum with attendance record provided.

Moreover, the Group required all employees to learn basic fire safety knowledge by circulation of internal information through notice board posting or electronic broadcasting system as well as regular training session to ensure the employees have adequate safety knowledge. Also, there was occasional practice on fire emergency evacuation held at the manufacturing plants and office premises in order to promote the awareness of proper approach of the employees in dealing with emergency situation and hence to ascertain everyone's safety.

During the Reporting Period, average training hours completed per employee and percentage of employees who had received training held by the Group internally or by external entities are as follows:

	2026	2025
Total number of hours training received by employees	**392.00**	541.60
Average training hours completed per employee/Percentage (%) of employees who received training	**56.0/186%**	12.6/70%
By gender		
– Male	**48.1/69%**	16.3/63%
– Female	**103.2/31%**	9.1/79%
By employment category		
– Executive directors	**77.8/31%**	65.5/100%
– Management and supervisors	**70.0/38%**	10.1/50%
– General staff	**32.2/31%**	6.6/53%

The Group's training hours were primarily concentrated in the Financial Services division, which was discontinued during the financial period. Consequently, the percentage of trained employees exceeds 100%, and the average training hours appear disproportionately high.

B4. Labour Standards

Being a responsible employer, the Group strictly prohibits the use of child labour and forced labour in any part of its business operation. Policies and measures have been adopted in relevant operation policies and guidelines in order to ensure that proper review and supervision is in place to avoid the occurrence of such condition.

The Group establishes comprehensive recruitment procedures to prevent employment of candidates under the age of 16. Human resources department is responsible for the reviewing of the applicants' personal information in accordance with relevant laws and regulations and labour management procedures to ensure the age of the employees are in line with the regulatory requirement. Face-to-face meeting with new employees is arranged before their job commencement to ensure no forced labour. During the Reporting Period, the Group was in compliance with the relevant laws pertaining to anti-child labour in Hong Kong, including the Employment of Children Regulations under the Employment Ordinance in Hong Kong.

For our Toys Division, we imposed the same requirement on our sub-contractors and ascertained that our sub-contractors complied with relevant standards required by our customers, which were fundamentally derived from internationally-recognized standards in compliance with the requirements of the Sedex Members Ethical Trade Audit. Such audit is noted to ensure various standards in support of the rights and well-being of factory workers.

During the Reporting Period, our major sub-contractor was issued with the "Sedex Members Ethical Trade Audit Report" with no material non-compliance noted.

B5. Supply Chain Management

The Group consistently integrates sustainable development principles into its supply chain management framework, particularly within its core Toys Division. Suppliers are selected and evaluated in alignment with the Group's operational objectives, ensuring that supply chain partners share a commitment to minimizing environmental impact and supporting the broader community. By maintaining these stringent ESG standards across its procurement network, the Group fosters stable, mutually beneficial relationships with its vendors. This collaborative approach ensures production stability, enhances overall customer value, and strengthens the Group's long-term competitive position.

The Toys Division had strict policies in selecting its sub-contractors by imposing corresponding requirement on them in respect of social responsibilities on workers welfare maintenance as well as proper compliance of the relevant regulation applicable to them within their territories of operation, including but not limited to the Labour Law of the PRC, PRC Employment Contract Law and the Social Insurance Law of the PRC. During the Reporting Period, the Toys Division was not aware that there was any material non-compliance of the relevant laws and regulations caused by our sub-contractors in servicing us, nor was it the subject of any material claims in the form of any compensation or penalty levied for inappropriate treatment towards workers employed by the manufacturing plants engaged by the Group or its sub-contractors for business.

In order to ensure the Group's product or services not being affected by the quality of the raw materials supplied or support service rendered for our Toys Division, we adhered to the strict requirements imposed by our customers, which were fundamentally derived from internationally recognized standards in certifying qualified suppliers for their environmental, social and governance compliance. Regular assessments were carried out on the Group's qualified suppliers to ensure they comply with the relevant requirements set out by the ICTI and the environmental and labour regulations applicable in their jurisdictions.

During the Reporting Period, the major sub-contractor of our Toys Division passed the SMETA Audit and the ISO9001 certificates. We were not aware of any material non-compliance incidents caused by our sub-contractors when they were engaged in servicing us. Meanwhile, we collaborated with a total of 100 (2025: 135) suppliers for our Group, of which 41 (2025: 65) suppliers are located in Hong Kong and 59 (2025: 70) suppliers are located in the PRC.

B6. Product Responsibility

In view of our Toys Division primarily serving the internationally recognized branded customers on an OEM basis we strictly comply with relevant product responsibility requirements imposed by our customers. The Group places high importance on the quality, safety and health standards of our products. Stringent quality control inspection procedures are applied on raw materials procurement and suppliers recruitment to product packaging to ensure quality, safety and health standards of the products. We also required our major sub-contractor to have its own physical and chemical laboratories for testing the quality and safety of the raw materials and finished products. These laboratories also obtained accreditation certificates from the China National Accreditation Service for Conformity Assessment and the Consumer Product Safety Commission of the United States.

Regarding the use of labelling on products, the Toys Division strictly adhered to strict requirements imposed by our customers in accordance with the relevant laws to protect the customers and clients' rights. The use of labels and packaging information also fairly presented the characteristics of the products, technical specification and the requirements of the customers.

During the Reporting Period, the Group was not aware of any products sold or shipped which were subject to recalls for safety and health reasons nor were there any customers complaints received by the Toys Division. The Toys Division was also not aware of any material non-compliance with the relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters, including the Product Quality Law of the PRC, the Products Liability Law of the United States of America ("**US**") and the Consumer Product Safety Improvement Act of the US, during the Reporting Period.

For the Financial Services Division, it was mainly engaged in regulated activities such as securities dealing, advising securities, corporate finance and asset management. We maintain a close monitor to ensure compliance with the standard guidelines and codes issued by the Securities and Futures Commission of Hong Kong ("**SFC**") as the Code of Conduct for Persons Licensed by or Registered with the SFC, Guideline on Anti-Money Laundering and Counter Terrorist Financing, Fit and Proper Guidelines, Guidelines on Competence, Licensing Handbook and Guidelines on Continuous Professional Training and other circulars and guidance issued by the SFC from time to time. The Financial Services Division has comprehensive policy and procedure on data protection and privacy to ensure compliance with the Personal Data (Privacy) Ordinance. All clients' personal data are collected in accordance with our clients' written consents during account opening. Notice on Personal Data is provided with account opening documents to clients as well. Moreover, we maintain our customer services through hotline, facsimile and emails, for clients to lodge compliant. All complaints received are delivered to the Compliance department for their review and investigation as well as for appropriate response or actions. Furthermore, we conduct know-your-client interviews and product suitability tests for our clients to ensure they understand their risk appetites and only suitable products are offered to them. Until the cessation of its financial services business, it was not aware of any material non-compliances with the relevant laws and regulations it is subject to and it is not aware of any material complaints received from its customers.

B7. Intellectual Property ("IP")

During the reporting period and up to the date of this report, neither the Group nor any of its directors were involved in any material litigation, claims, administrative penalties, or arbitration proceedings concerning intellectual property (IP). Management remains unaware of any significant unresolved IP disputes that could pose a threat to ongoing operations.

The Group strictly adheres to relevant legal frameworks, including the Patent Law and the Trademark Law of the People's Republic of China. Moving forward, the Group will continue to monitor the strategic importance of IP to its core toy manufacturing business and implement additional protective measures as required.

B8. Data Security and Privacy Protection

Toys Division

To protect its operational data and client privacy, the Group enforces strict information security protocols across its business units, while maintaining rigorous regulatory compliance for its operations.

The Group has implemented a series of robust security measures to mitigate risks associated with daily online activities, including internet downloads, web browsing, and email correspondence. Key defenses include:

– Deploying dedicated firewalls within the central computer server system to block unauthorized access.

– Enforcing automated anti-virus scanning whenever files and emails are downloaded from the internet.

– Running continuous security checks on user workstations whenever files are opened, copied, or new programs are executed.

Financial Services Division

Prior to the cessation of its financial services business, the Group operated strictly under a dedicated compliance manual that detailed specific procedures for handling and safeguarding sensitive client data. Because the Financial Services Division engaged in regulated activities, including securities dealing, securities advisory, corporate finance, and asset management, operations were tightly monitored to ensure alignment with all statutory guidelines issued by the Securities and Futures Commission of Hong Kong (SFC). This included strict adherence to the SFC Code of Conduct, Anti-Money Laundering and Counter-Terrorist Financing Guidelines, Fit and Proper Guidelines, and Continuous Professional Training requirements.

To ensure full compliance with the Personal Data (Privacy) Ordinance, the division maintained comprehensive privacy policies. Client data was collected exclusively through explicit written consent obtained during the account opening process, during which individuals were formally provided with a dedicated Notice on Personal Data.

B9. Complaint Handling

The Group maintains accessible communication channels, including hotlines, facsimiles, and emails, to ensure clients can easily lodge inquiries or complaints. Any complaints received are immediately directed to the Compliance Department for a thorough review, investigation, and the formulation of appropriate corrective actions.

Reflecting these stringent oversight practices, the Group recorded no material complaints from customers and was not aware of any material non-compliance with relevant laws and regulations during the reporting period.

B10. Anti-corruption and Whistle-blowing

The Group commits to operating its businesses under a fair, honest with high integrity environment. All management and employees are required to strictly follow the Group’s policies in respect on code of conduct to raise the awareness to prevent fraud, bribery or money laundering. Proper guidelines and terms have been incorporated in the staff handbooks and employment contracts and code of conducts in order to convey the Group’s message clearly to the employees and management for good practices and compliance with relevant regulations.

Prior to its cessation, the Financial Services Division operated under a strict compliance manual that established rigorous policies and procedures regarding anti-corruption and anti-money laundering (AML). Both the division and its personnel were strictly prohibited from offering, paying, soliciting, or accepting any form of bribe. Clear protocols were in place for employees to report suspicious transactions or fraudulent activities directly to the Compliance Department and executive management, with all staff required to formally acknowledge their receipt and understanding of these guidelines. The Group will also arrange anti-corruption training for both directors and employees.

The Group has established a clear set of whistle-blowing policy in place so that all employees have the right and responsibility to report concerns and actual or suspected misconduct or malpractice or unethical acts they observe by any staff and/or external parties in any matter related to the Company. The policy states with clear procedures and guidelines regarding the acceptance scope, violation behaviour, reporting channels, handling procedures and information confidentiality of whistle-blow incidents in accordance with related management policies.

Any employee or external party can report suspected case(s) within the reporting scope in person or in writing to the Chairman of the Group or Chairman of the Audit Committee based on the nature of the reported matter(s). Upon receiving a report, an investigation will be handled by a designated team in a confidential and timely manner. We are determined to maintain the privacy of the identity of whistle-blowers is secured in the highest manner possible and we do not tolerate any forms of intimidation or retaliation thereafter. Meanwhile, we make our best efforts to ensure that the information collected is accurate, and employees who deliberately provide untrue information are subject to disciplinary actions.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to bribery, extortion, fraud and money laundering including the Hong Kong Prevention of Bribery Ordinance, the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance of Hong Kong and the SFC Guideline on Anti-Money Laundering and Counter-Terrorist Financing.

B11. Community Investment

The Group treasures the importance of supporting social community in its businesses and its social responsibilities towards the community. During the Reporting Period, the Group encouraged our employees to participate in community contribution activities from time to time. Besides, the Group made donation to the Vocational Training Council of Hong Kong for "VTC Outstanding Industrial Attachment Scholarships 2025" for a sum of HK$5,000.

C. CLIMATE-RELATED DISCLOSURES

In alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the IFRS S2 Climate-related Disclosures Standard, and the enhanced disclosure requirements under Part D of the HKEX ESG Reporting Rules, the Group manages climate-related issues through four core pillars: Governance, Strategy, Risk Management, and Metrics & Targets.

By systematically identifying and assessing environmental risks and opportunities, the Group has integrated climate resilience directly into its operational planning, particularly for its Toys Division. This structured approach allows the Group to mitigate climate-related vulnerabilities, optimize resource efficiency on the factory floor, and position itself to adapt to evolving market and regulatory demands during its ongoing business transition.

C1. Governance

The Board of Directors maintains ultimate accountability for the strategic oversight of climate-related risks and opportunities, guided by the principles of the Group's Climate Change Policy. To ensure robust governance, the Board periodically reviews its collective expertise, confirming that members possess or are actively developing the specialized competencies required to oversee climate resilience effectively.

Climate-related factors are fully integrated into high-level decision-making, including the formulation of corporate strategy, the evaluation of major transactions, and the oversight of the enterprise risk management framework. By embedding these variables into strategic planning and business continuity arrangements, the Board ensures that organizational processes align with long-term sustainability goals.

Additionally, the Board holds direct responsibility for approving the Group's climate-related objectives, including validating specific performance targets that support mid- to long-term carbon reduction and environmental protection mandates. Progress against these benchmarks is monitored through regular Board reviews.

At the operational level, senior management is tasked with designing, implementing, and maintaining an internal control system dedicated to identifying, monitoring, and mitigating climate-related issues. Regarding executive incentives, the Group notes that climate-related performance metrics are not currently integrated into the formal remuneration governance structure; however, management remains committed to evaluating future compensation frameworks to progressively align leadership incentives with sustainability performance.

To avoid administrative silos, these control mechanisms are synchronized with core corporate functions, including the strategic planning cycle, annual budgeting, the financial control system, the enterprise risk management (ERM) framework, and internal audit plans.

This integrated governance structure ensures that environmental considerations actively drive day-to-day operations and decision-making, particularly within the Toys Division following the cessation of the Financial Services Division. This oversight supports the development of climate-resilient project lifecycles, the enforcement of sustainable procurement standards, active stakeholder engagement, and strict compliance with evolving environmental regulations.

C2. Strategy

Climate change presents both risks and opportunities for the Group's Toys Division. To address these challenges under its strategic framework, the Group focuses on developing resilient operational strategies, such as enhancing extreme weather preparedness at its manufacturing facilities, optimizing production infrastructure with energy-efficient machinery, and training staff in environmental protection and resource conservation.

At the same time, the Group seeks to capture climate-related opportunities by exploring green production technologies and sustainable materials, ensuring it remains agile amid evolving market preferences. Keeping abreast of regulatory changes and adjusting operational strategies accordingly helps safeguard long-term business stability and supports sustainable development in an increasingly environmentally-conscious market.

To support this strategic direction, a comprehensive assessment was performed to identify climate-related risks and opportunities that could impact the Group's financial health. This evaluation specifically examined factors influencing cash flows, capital expenditures, and operational costs across short-, medium-, and long-term horizons, ensuring these insights are fully integrated into the Group's high-level strategic decision-making processes following the cessation of its financial services division.

C3. Climate-related Risks Management

The Group has established a structured framework to identify, assess, and manage the climate-related risks and opportunities impacting its business operations. As part of this risk management process, specific environmental factors expected to influence cash flows, financing accessibility, and capital costs are systematically evaluated. These insights are directly integrated into the Group's broader risk management and strategic planning processes to safeguard its Toys Division.

For these risk assessments, the Group categorizes its climate horizons into three distinct timeframes:

Short-term (0-2 years): Aligned with the Group's immediate operational budgeting and short-term liquidity management.

Medium-term (3-5 years): Structured around strategic planning cycles and typical investment payback periods for manufacturing machinery and equipment.

Long-term (6 years and beyond): Formulated around the review windows for major capital expenditures, long-term facility leases, and macroeconomic shifts in the global supply chain.

By utilizing these defined parameters, management can effectively monitor potential physical risks, such as extreme weather disruptions to manufacturing facilities, alongside transition risks like evolving environmental regulations and changing customer preferences in the global toy industry.

The table below outlines these climate-related risks, their projected timeframes, potential financial and operational impacts, and the corresponding mitigation strategies implemented across the business model and value chain.

Climate-related Risk	Time Horizon	Potential financial impacts	Risk level	Strategic Response & Integration
Physical Risks				
Acute Increased frequency and severity of extreme weather events (e.g., typhoons, severe flooding) affecting factories. **Chronic** Long-term shifts in climate patterns, such as rising average temperatures and prolonged heatwaves.	Short-term and long-term	• Property damage to toy production facilities and warehouses. • Supply chain disruptions causing delays in raw material deliveries and missed shipping deadlines. • Revenue loss due to temporary business interruptions. • Increased operational costs due to higher energy consumption for factory cooling and ventilation. • Potential decline in labor productivity under extreme heat conditions.	Low to Medium	• Formulating emergency response plans and severe weather protocols at factory sites. • Securing insurance coverage for property damage and business interruption. • Diversifying logistics routes and maintaining safety stocks of critical raw materials. • Upgrading manufacturing facilities with energy-efficient cooling and ventilation systems. • Optimizing production schedules and shifts during peak summer months to protect worker health. • Monitoring energy consumption patterns to improve overall resource efficiency.
Transition Risks				
Policy and Legal Risk Introduction of more stringent carbon pricing mechanisms, emissions reporting mandates, or stricter environmental regulations in manufacturing jurisdictions.	Medium-term	• Increased compliance costs related to mandatory carbon auditing and disclosure requirements. • Higher capital expenditure required to upgrade machinery to meet shifting environmental standards. • Potential fines or operational penalties for non-compliance.	Medium	• Monitoring regional legislative changes closely to ensure proactive alignment with HKEX and local environmental regulations. • Integrating regulatory compliance checks into the enterprise risk management (ERM) framework. • Investing in cleaner production technologies to mitigate future compliance burdens.

Climate-related Risk	Time Horizon	Potential financial impacts	Risk level	Strategic Response & Integration
Technology Risk Capital requirements to transition to low-emission, highly efficient production technologies and machinery.	Medium-term	• Write-offs and early retirement of legacy, energy-intensive manufacturing assets. • Increased capital expenditures for purchasing eco-friendly machinery and automation tools.	Medium	• Phasing out obsolete machinery through a structured capital allocation and asset replacement plan. • Conducting regular feasibility studies on adopting automation and energy-efficient equipment on the production line.
Market Risk Shifting customer preferences toward toys manufactured with sustainable materials and low-carbon supply chains.	Medium and long-term	• Reduced demand and loss of revenue if products fail to meet the sustainability criteria of major global retail buyers. • Increased costs for sourcing certified sustainable or recycled raw materials.	Medium to High	• Exploring and testing eco-friendly, non-toxic, and recyclable materials for toy product development. • Collaboration with supply chain partners to ensure upstream sustainability standards match customer expectations.
Reputation Risk Negative stakeholder perception if the Group lags behind industry peers in sustainability practices or climate disclosures.	Short to Medium-term	• Reduced investor confidence and potential difficulties in accessing capital markets. • Diminished brand value and strained relationships with major global corporate clients.	Medium	• Enhancing the transparency and quality of ESG disclosures in alignment with the TCFD framework and IFRS S2 standards. • Demonstrating clear board-level governance and accountability over corporate sustainability performance.

C3.1 Climate Change Opportunities

To capitalize on the shifting green economic landscape, the Group actively identifies and integrates climate-related opportunities into its core toy manufacturing strategy to drive sustainable, long-term business growth. By responding to the rising global demand for sustainable products, the Group can capture market share and deepen partnerships with major international retail brands that prioritize green supply chains, specifically through the adoption of eco-friendly, non-toxic, and recyclable production materials. Operational efficiency acts as another key step, implementing energy-efficient technologies, such as automated manufacturing machinery, optimized factory climate controls, and rigorous waste reduction processes, allows the Group to achieve substantial cost savings while insulating factory operations from volatile energy prices. Furthermore, by aligning its corporate practices with global sustainability benchmarks, the Group improves its positioning to explore green finance incentives, such as sustainability-linked loans or regional industrial modernization subsidies, which can effectively optimize financing costs and support the low-carbon transition of its manufacturing facilities following the cessation of its financial services operations.

Measures to mitigate climate-related risks

To mitigate climate-related risks and minimize its environmental footprint, the Group has systematically integrated practical resource-conservation measures across its corporate operations and core toy manufacturing business.

At the general administrative level, transition risks are addressed through energy-efficiency upgrades, such as the installation of power-saving lighting systems across facilities, alongside operational policies that prioritize digital record-keeping for both internal communication and daily business transactions. To lower paper consumption, the Group actively enforces the use of recycled paper for essential printing tasks.

Within the Toys Division, specific mitigation strategies target supply chain and production vulnerabilities by focusing on eco-design and logistics optimization. The division deliberately avoids excessive components in product designs and minimizes packaging volumes, prioritizing environmentally friendly and recyclable packaging materials wherever possible. Furthermore, logistics efficiency is maximized through the precise configuration of carton boxes and containers to reduce total cargo trips, combined with the utilization of off-peak delivery schedules to lower transit-related emissions.

On the procurement side, the Group manages raw material risks by sourcing paper products certified by the Forest Stewardship Council (FSC) and introducing sustainable production inputs, such as bio-based low-density polyethylene (LDPE), effectively reducing the carbon intensity of its manufacturing operations.

C3.2 Financial position, financial performance and cash flows

The Group has established a scenario analysis framework to evaluate potential physical and transition risks across short-, medium-, and long-term horizons, utilizing climate pathways aligned with the Paris Agreement.

While the direct impact of climate-related risks and opportunities on the Group's financial statements, overall financial performance, and cash flows is currently limited, management has conducted preliminary analyses across its operating segments. Moving forward, the Group will continue to monitor how evolving climate policies and market trends might affect its financial position, specifically regarding the carrying amounts of assets and liabilities. To safeguard financial stability following the cessation of its financial services operations, the Group intends to refine its monitoring mechanisms and progressively incorporate climate resilience into its resource allocation and capital financial planning. Furthermore, by aligning this scenario analysis with the carbon reduction targets established in FY2021/22, the Group seeks to protect its asset base and cash flow generation, ensuring the long-term climate resilience and financial viability of its global toy manufacturing operations and strategic direction.

C3.3 Climate resilience

The Group prioritizes building comprehensive climate resilience by systematically integrating climate scenario analysis into its long-term strategic planning and business model adjustments. Based on its current operational framework, the Group possesses the necessary governance and risk management capabilities to effectively mitigate climate-related vulnerabilities. Moving forward, the Group is committed to continuously enhancing its adaptability to diverse environmental scenarios through ongoing monitoring and strategic refinement. This proactive approach ensures that the Group's core toy manufacturing business maintains its long-term resilience and sustainable market competitiveness following the cessation of its Financial Services division, allowing the organization to navigate regulatory transitions and physical climate impacts with stability.

C4. Metrics and Targets

C4.1 Greenhouse Gas Emissions

Recognizing that the core challenge of climate change stems from global warming and its subsequent disruption to natural ecosystems, the Group acknowledges the physical risks these environmental shifts pose to the long-term livelihoods of its employees, customers, and operational communities. Given the accelerated pace of global warming driven by industrial emissions and deforestation over the past decade, the Group places great strategic importance on managing its climate-related risks, particularly within its energy-intensive toy manufacturing operations. Following the cessation of its financial services division, the Group's environmental management efforts have focused heavily on greenhouse gas (GHG) emissions. Management continuously and strictly monitors emission levels across its factory floors and supply chains, actively tracking carbon intensity to identify areas for operational refinement. By exploring innovative pathways to reduce its carbon footprint, such as upgrading to low-emission production machinery and optimizing energy use across its facilities, the Group strives to directly mitigate its climate impacts, fulfill its regulatory disclosure obligations, and enhance the overall resilience of its core manufacturing business.

Set forth below are the statistics of greenhouse gas emissions by the Toys Division and the Financial Services Division of the Group during the Reporting Period:

Greenhouse Gas (GHG) Emissions	Emissions of CO_2 (in tonnes)				Intensity *(note 3) (note 4)*			
	Toys Division		Financial Services Division		Toys Division		Financial Services Division	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
Scope 1 – Direct emissions from the use of Diesel and LPG	**15.81**	27.00	**N/A**	N/A	**0.000050**	0.000014	**N/A**	N/A
Scope 2 – Indirect emissions from the use of Purchased Electricity *(note 1)*	**436.95**	925.00	**25.08**	55.00	**0.001394**	0.000469	**0.78**	1.72
Scope 3 – Other indirect emissions from Water consumption *(note 2)*	**10.18**	8.00	**N/A**	N/A	**0.000003**	0.000000	**N/A**	N/A
Total	**462.94**	960.00	**25.08**	55.00				

Note 1: Emission factor of 0.4419 tCO_2/MWh was applied to purchased electricity in Guangdong Province of the PRC as per the provincial grid average carbon dioxide emission factor of the PRC (2023年省級電網平均二氧化碳排放因子).

Note 2: During the Reporting Period, the manufacturing plant of the sub-contractors of the Group located in Foshan city Nanhai district of the Guangdong province consumed a total of approximately 14,575 m^3 (2025: 20,989 m^3) of fresh water for its operation, contributing to an emission of an equivalent of approximately 5.89 tonnes (2025: 8.00 tonnes) of carbon dioxide.

Note 3: Intensity measured for Toys Division is measured in tonne of CO_2 per unit of toy product produced. During the reporting period, the Group's total production volume reached 313,452 units.

Note 4: Intensity measured for Financial Services Division is measured in tonnes of CO_2 per number of employee for such division.

The Group remains firmly committed to minimizing the use of ozone-depleting substances and actively reducing GHG emissions across its operations. To achieve these reduction targets, a variety of practical operational controls have been integrated to lower the corporate carbon footprint, focusing heavily on the core toy manufacturing division following the cessation of the financial services division.

– On the factory floor and across production lines, conventional chemicals are progressively replaced with non-toxic, environmentally friendly alternatives to mitigate volatile organic compounds and indirect emissions.

– The Group enforces strict maintenance schedules, ensuring regular inspection, cleaning, and optimization of manufacturing plant equipment, air-conditioning systems, and corporate vehicles to maximize energy efficiency and prevent refrigerant leaks.

– Beyond the production facilities, workplace policies strictly prohibit smoking outside of designated areas, while corporate transit emissions are actively managed by encouraging employees to utilize public transportation or carpooling for their daily commutes.

– Regulating the deployment of Group-owned vehicles and enforcing strict speed limits to optimize fuel consumption and curb transport-related emissions.

C4.2 Progress on GHG emissions controls

The Group maintains its commitment to sustainable development and continues to pursue long-term environmental performance within its evolving corporate structure. Under its original climate roadmap, the Group established FY2021/22 as the baseline year for greenhouse gas emissions and implemented specific targets aimed at reducing its carbon footprint. However, following the strategic cessation of its Financial Services division and a deliberate scale-down of its core Toy Manufacturing operations, the overall scope of the Group's operational data has shifted significantly.

Because of these structural adjustments and the ongoing evaluation of new business opportunities, the historical emissions data is not directly comparable to current reporting periods. Despite these changes in business volume, the Group remains dedicated to evaluating its environmental impact. Management continues to monitor operational efficiency on the manufacturing floor and is refining its baseline parameters to ensure that future emissions control measures and reduction targets accurately reflect the Group's consolidated operational footprint during this transitional phase.

C4.3 Internal carbon prices

The Group is currently evaluating the implementation of an internal carbon pricing mechanism as a long-term strategic tool to better manage its environmental impact. While this initiative remains under internal review, it has not yet been integrated into the Group's formal financial decision-making or capital allocation processes. Moving forward, management intends to assess the operational feasibility of adopting an internal carbon pricing system. This evaluation will involve benchmarking against prevailing market practices within the consumer goods manufacturing sector and carefully aligning the mechanism with the Group's localized operational capabilities and adjusted production scale.

C4.4 Industry-based metrics

The Group has evaluated the industry-specific guidance under IFRS S2 and acknowledges the importance of tracking environmental performance metrics tailored to its specific business activities. In alignment with its restructured operational characteristics, focusing on the core toy manufacturing division following the cessation of its financial services division, the Group intends to gradually adopt relevant sector-specific indicators for disclosure as conditions permit. Given the ongoing consolidation of its manufacturing operations and the transitional phase of its corporate structure, no specific implementation timeline has been established for these disclosures at this stage. Management remains committed to monitoring international reporting trends to ensure future metrics accurately reflect the environmental footprint of its production facilities.

C4.5 Climate-related targets

Given that the younger generation represents the primary end consumers of the Toys Division, the Group recognizes its profound responsibility to actively minimize its carbon footprint and preserve natural resources for future generations. Following the cessation of its Financial Services division, the Group focuses its environmental management strategy directly on its manufacturing footprint. To proactively mitigate emerging environmental risks, management has established specific short and long term targets across greenhouse gas (GHG) emissions, waste management, energy use, and water efficiency, utilizing the historical average intensities from 2017 to 2020 as a baseline.

– Greenhouse Gas Emissions: Achieve a 10% reduction in carbon emissions by 2027.

– Waste Management: Increase the operational waste recycling rate by 3% annually.

– Energy Use Efficiency: Reduce energy consumption intensity by 2% by 2027, and by 5% by 2032.

– Water Efficiency: Lower water consumption intensity by 2% by 2027, and by 5% by 2032.

By closely monitoring market developments and technical advancements, the Group remains committed to identifying further opportunities to optimize resource efficiency and reduce its overall environmental footprint across its production.

APPENDIX – ESG GUIDE CONTENT INDEX

This ESG Report has been prepared in line with the ESG Guide contained in Appendix C2 to The Rules Governing the Listing of Securities on the Stock Exchange.

Subject Areas, Aspects, General Disclosures and KPIs			
A. Environmental			
Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. *Note:* *Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.* *Hazardous wastes are those defined by national regulations.*		
	KPI A1.1	The types of emissions and respective emissions data.	A1 Emissions
	KPI A1.2	Repealed 1 January 2025	
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A2.1 Hazardous Waste
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A2.2 Non-hazardous Waste
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	A1 Emissions C4.5 Climate-related targets
	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.	A2 Waste Management
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. *Note:* *Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.*		
	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).	A3 Consumption of Resources
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A3 Consumption of Resources
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A6 The Environment and Natural Resources
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A5 Water Management
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A7 Packaging Materials

Subject Areas, Aspects, General Disclosures and KPIs			
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A8 Significant impacts on the environment and natural resources
Aspect A4: Climate Change	Repealed 1 January 2025		
	KPI A4.1	Repealed 1 January 2025	
B. Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1.1 Employees Information
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1.1 Employees Information
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2.1 Physical Safety
	KPI B2.2	Lost days due to work injury.	B2.1 Physical Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2 Health and Safety
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. *Note:* *Training refers to vocational training. It may include internal and external courses paid by the employer.*		
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3 Development and training
	KPI B3.2	The average training hours completed per employee by gender and employee category.	B3 Development and training
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4 Labour Standards
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4 Labour Standards

Subject Areas, Aspects, General Disclosures and KPIs			
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		
	KPI B5.1	Number of suppliers by geographical region.	B5 Supply Chain Management
	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.	B5 Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5 Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5 Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6 Product Responsibility
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B9 Complaint Handling
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B7 Intellectual Property (“IP”)
	KPI B6.4	Description of quality assurance process and recall procedures.	B6 Product Responsibility
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B8 Data Security and Privacy Protection
Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		
	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.	B10 Anti-corruption and Whistle-blowing
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B10 Anti-corruption and Whistle-blowing
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	B10 Anti-corruption and Whistle-blowing
Community			
Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities’ interests.		
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B11 Community Investment
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B11 Community Investment

Climate-related Disclosures				2026 Response
(I) Governance				
19	An issuer shall disclose information about:			
	(a)	the governance body(ies) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of ***climate-related risks and opportunities***. Specifically, the issuer shall identify that body(ies) or individual(s) and disclose information about:		
		(i)	how the body(ies) 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***;	C1. Governance
		(ii)	how and how often the body(ies) or individual(s) is informed about climate-related risks and opportunities;	
		(iii)	how the body(ies) 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(ies) or individual(s) has considered trade-offs associated with those risks and opportunities;	
		(iv)	how the body(ies) or individual(s) oversees the setting of, and monitors progress towards, targets related to ***climate-related risks and opportunities*** (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	
	(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:		
		(i)	whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	C1. Governance
		(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	
(II) Strategy				
Climate-related risks and opportunities				
20	An issuer shall disclose information to enable an understanding of ***climate-related risks and opportunities*** that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:			
	(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;		C3. Climate-related Risk Management
	(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.		

Climate-related Disclosures			2026 Response
Business model and value chain			
21		An issuer shall disclose information that enables an understanding of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***. Specifically, the issuer shall disclose:	
	(a)	a description of the current and anticipated effects of ***climate-related risks and opportunities*** on the issuer's ***business model*** and ***value chain***; and	C3. Climate-related Risk Management
	(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).	
Strategy and decision-making			
22		An issuer shall disclose information that enables an understanding of the effects of ***climate-related risks and opportunities*** on its strategy and decision-making. Specifically, the issuer shall disclose:	
	(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:	
		(i) current and anticipated changes to the issuer's ***business model***, including its resource allocation, to address ***climate-related risks and opportunities***;	C3. Climate-related Risk Management
		(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
		(iii) any ***climate-related transition plan*** the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a ***climate-related transition plan***; and	
		(iv) how the issuer plans to achieve any climate-related targets (including any ***greenhouse gas*** emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
	(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
23		An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	C3.1 Climate Change Opportunities
Financial position, financial performance and cash flows			
Current financial effect			
24		An issuer shall disclose qualitative and quantitative information about:	
	(a)	how ***climate-related risks and opportunities*** have affected its financial position, financial performance and cash flows for the reporting period; and	C3.2 Financial position, financial performance and cash flows
	(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.	
Anticipated financial effect			
25		The issuer shall provide qualitative and quantitative disclosures about:	
	(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage ***climate-related risks and opportunities***, taking into consideration:	
		(i) its investment and disposal plans; and	C3. Climate-related Risk Management
		(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***.	

	Climate-related Disclosures	2026 Response
Climate resilience		
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and ***business model*** to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified ***climate-related risks and opportunities***. An issuer shall use climate-related scenario analysis to assess its ***climate resilience*** using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:	
	(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;	C3.3 Climate resilience
	(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;	C3.3 Climate resilience
	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.	
(III) Risk Management		
27	An issuer shall disclose information about:	
	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
	I. the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	C3. Climate-related Risks Management
	II. whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
	III. how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
	IV. whether and how the issuer prioritises climate-related risks relative to other types of risks;	
	V. how the issuer monitors climate-related risks; and	
	VI. whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring ***climate-related risks and opportunities*** are integrated into and inform the issuer's overall risk management process.	

Climate-related Disclosures		2026 Response
(IV) Metrics and Targets		
Greenhouse gas emissions		
28	An issuer shall disclose its absolute gross ***greenhouse gas*** emissions generated during the reporting period, expressed as metric tons of ***CO_2 equivalent***, classified as:	
	(a) ***Scope 1 greenhouse gas emissions***;	C4.1 Greenhouse Gas Emissions
	(b) ***Scope 2 greenhouse gas emissions***; and	
	(c) ***Scope 3 greenhouse gas emissions***.	
29	An issuer shall:	
	(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;	C4.1 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;	C4.1 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).	
Climate-related transition risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related transition risks***.	C3. Climate-related Risks Management
Climate-related physical risks		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to ***climate-related physical risks***.	C3. Climate-related Risks Management
Climate-related opportunities		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	C3. Climate-related Risks Management
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards ***climate-related risks and opportunities***.	C3.1 Climate Change Opportunities
Internal carbon prices		
34	An issuer shall disclose:	
	(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	C4.3. Internal carbon prices
	(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.	

Climate-related Disclosures			2026 Response
Remuneration			
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).		C1. Governance
Industry-based metrics			
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular ***business models***, activities or other common features that characterize participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with ***disclosure topics*** described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.		C4.4. Industry-based metrics
Climate-related targets			
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any ***greenhouse gas*** emissions targets. For each target, the issuer shall disclose:		
	(a)	the metric used to set the target;	C4.5 Climate-related targets
	(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.	
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:		
	(a)	whether the target and the methodology for setting the target has been validated by a third party;	C4.5 Climate-related targets
	(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.	
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.		C4.5 Climate-related targets

Climate-related Disclosures			2026 Response
40		For each ***greenhouse gas*** emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
	(a)	which ***greenhouse gases*** are covered by the target;	C4.5 Climate-related targets
	(b)	whether ***Scope 1***, ***Scope 2*** or ***Scope 3 greenhouse gas emissions*** are covered by the target;	
	(c)	whether the target is a gross ***greenhouse gas*** emissions target or a net ***greenhouse gas*** emissions target. If the issuer discloses a net ***greenhouse gas*** emissions target, the issuer is also required to separately disclose its associated gross ***greenhouse gas*** emissions target;	
	(d)	whether the target was derived using a sectoral decarbonisation approach; and	
	(e)	the issuer's planned use of ***carbon credits*** to offset ***greenhouse gas*** emissions to achieve any net ***greenhouse gas*** emissions target. In explaining its planned use of ***carbon credits***, the issuer shall disclose:	
		(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	C4.5 Climate-related targets
		(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).