

# 2025

## DA MING INTERNATIONAL HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

### Environmental, Social and Governance Report



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## **DA MING INTERNATIONAL HOLDINGS LIMITED**

Environmental, Social and Governance Report **2025**

### **ABOUT THIS REPORT**

Da Ming International Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present this Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

#### *PREPARATION BASIS AND SCOPE*

This Report is prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) – “Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering the stainless steel and carbon steel processing business of the Group in the People’s Republic of China (“PRC”) and Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

#### *REPORTING PERIOD*

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2025 to 31 December 2025.

#### *CONTACT INFORMATION*

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to [info@jsdmss.com.hk](mailto:info@jsdmss.com.hk).



## **INTRODUCTION**

Throughout years of rapid development, the Group has become a comprehensive steel fabrication enterprise well known in China, specialising in processing, sales and technical service services of stainless steel and carbon steel. The Group has a network of ten processing centres in the PRC and several branch offices in Hong Kong and the PRC.

Since 2010, the Group has been officially listed on the Main Board of Hong Kong Stock Exchange and was the first enterprise listed in Hong Kong among stainless steel processing and manufacturing industry in China. The business of the Group has expanded to a variety of industries, including petrochemical, new energy, bio-pharmaceutical, electronic communications, special ship, rail transit and aerospace industry. The Group believes our processing capability, inventory management and just-in-time delivery has made us an important steel processor to our customers.

The Group acknowledges the significance of effective sustainability practices to achieve business excellence and enhance capabilities for long-term competitiveness. The Group is committed to maintaining its operation in a responsible and value-optimising manner for stakeholders and community by incorporating environmental, social and governance considerations into its operation. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

## **STAKEHOLDERS ENGAGEMENT**

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.



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Stakeholders	Expectations	Engagement channels
Government	<ul style="list-style-type: none"> <li>- Compliance with the law and regulations</li> <li>- Promote regional economic development and employment</li> </ul>	<ul style="list-style-type: none"> <li>- On-site inspections and checks</li> <li>- Research and discussion through work conferences, work reports preparation and submission for approval</li> <li>- Annual reports</li> <li>- Website</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>- Low risk</li> <li>- Return on the investment</li> <li>- Information disclosure and transparency</li> <li>- Protection of interests and fair treatment of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Annual general meeting and other shareholder meetings</li> <li>- Annual reports, interim reports, circulars and announcements</li> <li>- Newsletter</li> <li>- Meeting with investors and analysts</li> </ul>
Employees	<ul style="list-style-type: none"> <li>- Safeguard the rights and interests of employees</li> <li>- Working environment</li> <li>- Career development opportunities</li> <li>- Self-actualization</li> <li>- Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>- Conference</li> <li>- Training, seminars, briefing sessions</li> <li>- Cultural and sport activities</li> <li>- Newsletters</li> <li>- Intranet and emails</li> </ul>
Customers	<ul style="list-style-type: none"> <li>- Safe and high-quality products</li> <li>- Stable relationship</li> <li>- Information transparency</li> <li>- Integrity</li> <li>- Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>- Website, brochures, annual reports</li> <li>- Email and customer service hotline</li> <li>- Feedback forms</li> <li>- Regular meetings</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>- Long-term partnership</li> <li>- Honest cooperation</li> <li>- Fair, open</li> <li>- Information resources sharing</li> <li>- Risk reduction</li> </ul>	<ul style="list-style-type: none"> <li>- Business meetings, supplier conferences, phone calls, interviews</li> <li>- Regular meetings</li> <li>- Review and assessment</li> <li>- Tendering process</li> </ul>



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<b>Stakeholders</b>	<b>Expectations</b>	<b>Engagement channels</b>
Peer and Industry Associations	<ul style="list-style-type: none"> <li>- Experience sharing</li> <li>- Cooperation</li> <li>- Fair competition</li> </ul>	<ul style="list-style-type: none"> <li>- Industry conference</li> <li>- Site visits</li> </ul>
Financial Institution	<ul style="list-style-type: none"> <li>- Compliance with the laws and regulations</li> <li>- Disclosure information</li> </ul>	<ul style="list-style-type: none"> <li>- Consulting</li> <li>- Information disclosure</li> <li>- Reports</li> </ul>
Media	<ul style="list-style-type: none"> <li>- Transparent information</li> <li>- Communication with media</li> </ul>	<ul style="list-style-type: none"> <li>- Website</li> <li>- Interviews</li> <li>- Media conference</li> <li>- Media gathering</li> </ul>
Public and Communities	<ul style="list-style-type: none"> <li>- Community involvement</li> <li>- Social responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>- Volunteering</li> <li>- Charity and social investment</li> <li>- Annual reports</li> </ul>



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Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix C2 of the Listing Rules) and the GRI Guidelines.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

### **Step 1: Identification – Industry Benchmarking**

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG areas was determined based on the important of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix C2 of the Listing Rules).

### **Step 2: Prioritization – Stakeholder Engagement**

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects were covered.

### **Step 3: Validation – Determining Material Issues**

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured that all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2025, those important ESG areas to the Group were discussed in this Report.



## ESG GOVERNANCE

### Board's oversight of ESG issues

#### *Board's overall vision and strategy in managing ESG issues*

The board of directors ("Board") has a primary role in overseeing the management of the Group's sustainability issues. During the year, the Board and the ESG working group spent significant time in evaluating the impact of ESG-related risks on our operation and formulating relevant policy in dealing with the risks. The oversight of the Board is to ensure the management to have all the right tools and resources to oversee the ESG issues in the context of strategy and long-term value creation.

### ESG working group

To demonstrate our commitment to transparency and accountability, our Group has established an ESG working group. We highly value the opinions of each stakeholder and treat them as the cornerstone for the development of the Group. During the reporting period, the ESG working group consisted of designated staff from various departments of the Group.

The ESG working group is primarily responsible for reviewing and supervising the ESG process, risk management of the Group, and reporting ESG issues to the Board. Different ESG issues are reviewed by the ESG working group annually. During the reporting period, the ESG working group and the management reviewed the ESG governance and different ESG issues.

### Board's ESG management approach and strategy for material ESG-related issues

In order to better understand the opinions and expectations of different stakeholders on our ESG issues, materiality assessment is conducted each year. We ensure various platforms and channels of communication are used to reach, listen and respond to our key stakeholders. Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has evaluated the materiality and importance in ESG aspects through the steps: (1) material ESG area identification by industry benchmarking; (2) key ESG area prioritization with stakeholder engagement; and (3) validation and determining material ESG issues based on results of communication among stakeholders and the management.

Hence, this can enhance understanding of their degree and change of attention to each significant ESG issue, and can enable us to more comprehensively plan our sustainable development work in the future. Those important and material ESG areas identified during our material assessment were discussed in this Report.



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### Board review progress against ESG-related goals and targets

The progress of target implementation and the performance of the goals and targets should be closely reviewed from time to time. Rectification may be needed if the progress falls short of expectation. Effective communication about the goals and target process with key stakeholders such as employees is essential, as this enables them to be engaged in the implementation process, and to feel they are part of the change that the Company aspires to achieve.

Setting strategic goals for the coming three to five years enables the Group to develop a realistic roadmap and focus on results in achieving the visions.

Setting targets requires the ESG working group to carefully examine the attainability of the targets which should be weighed against the Company's ambitions and goals. During the year, our Group set targets on an absolute basis.

### A. ENVIRONMENTAL ASPECT

The Group only provides processing services on stainless steel and carbon steel to customers, while we are not involved in the steel production. Besides, the design of existing facilities does not cause serious environmental problem. Hence, the Group is not categorised by the Ministry of Environmental Protection of the PRC as a polluting enterprise. In spite of this, environmental protection remains one of the key focuses of the Group in fulfilling its social responsibilities. The Group is committed to minimising the environmental impacts while maintaining a high quality of services to our customers. To achieve the commitment, the Group has established relevant environmental policies and implemented various measures in accordance to the requirement of ISO 14001 Environmental Management System.

The Group fully complies with the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Atmospheric Pollution, the Law of the PRC on the Prevention and Control of Water Pollution and all other applicable environmental laws and regulations in the PRC. In order to ensure strict compliance with applicable environmental laws, regulations and standards, the Group has appointed a working group within the quality assurance department to oversee the environmental protection policy. During the reporting period, the Group was not aware of any non-compliance issue in relation to environmental law.

## A1. EMISSIONS

### *Air Pollutant Emission*

The air pollutants emitted by the Group mainly come from fuel consumption and vehicles. It is important to implement emission control measures to reduce the environmental impacts and protect the health of employees. In order to ensure strict compliance with relevant laws and regulations and reduce the emission, the Group has established a policy of “Exhaust Gas Management Regulation” to regulate and monitor the emission from welding and solvent storage, vehicles and canteens.

To control the emission sources, the Group procures facilities that meet the emission standard and raw materials with low emission. Relevant personnel who handle machinery are required to strictly follow the Group’s work procedure during operation to avoid exhaust gas emission from inappropriate work procedure. The condition of machinery is checked and recorded regularly. In case there is any abnormal emission, maintenance will be conducted immediately.

To monitor the emission, the Group conducts annual assessment on the air pollutants in the production plants so as to ensure that the emission meets the level III standard as stated in the “integrated Emission Standard of Air Pollutant (GB16297-1996)”. The decrease in air pollutant emission in 2025 was mainly due to the decrease in the operating rate of heat treatment furnaces during the year. Furthermore, the Group strives to reduce air pollutant emission by 5% by 2030.

During the reporting period, the air pollutant emission was as follows:

Air Pollutant Emission			
Type of air pollutants	Unit	2025	2024
Nitrogen oxides (NO <sub>x</sub> )	kg	33,077.17	30,300.57*
Sulphur dioxide (SO <sub>2</sub> )	kg	562.34	505.15*
Particulate matter (PM)	kg	1,561.25	1,479.74

\* As part of the Group’s ongoing efforts to enhance data accuracy, the 2024 figures for NO<sub>x</sub> and SO<sub>2</sub> have been restated following refinements to consumption data allocation methodologies. The restated figures more accurately reflect the Group’s actual consumption during the period.



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*Greenhouse Gas (GHG) Emission*

Greenhouse gas is considered as one of the major contributors to the climate change and global warming. As a steel processing enterprise, energy consumption accounts for a major part of the Group’s GHG emission. The Group has managed the carbon footprint by adopting energy saving strategies and initiatives based on our internal procedure. Policies and procedures adopted on energy saving are mentioned in the section “Use of Resources” of this Report. The increase in GHG emission in 2025 was mainly attributable to the increase in the operating rate of heat treatment furnaces during the year. Furthermore, the Group strives to reduce GHG emission by 5% by 2030.

During the reporting period, the emission of greenhouse gas was as follows:

GHG Emission			
Type of GHG emission	Unit	2025	2024
Scope 1 <sup>1</sup> Direct emission	tonnes of CO <sub>2</sub> -e	6,569.63	5,668.80*
Scope 2 <sup>2</sup> Indirect emission	tonnes of CO <sub>2</sub> -e	107,268.61	106,453.78
Scope 3 <sup>3</sup> Other indirect emissions	tonnes of CO <sub>2</sub> -e	13,098.35	—**
<b>Total</b>	<b>tonnes of CO<sub>2</sub>-e</b>	<b>126,936.59</b>	<b>112,122.58</b>
GHG emission intensity	tonnes of CO <sub>2</sub> -e/tonnes of production	0.020	0.021

\* As part of the Group’s ongoing efforts to enhance data accuracy, the 2024 figure for Scope 1 emissions has been restated following refinements to consumption data allocation methodologies. The restated figures more accurately reflect the Group’s actual consumption during the period.

\*\* Scope 3 emissions for 2024 were not systematically collected. The Group will continue to develop its Scope 3 reporting as data collection processes evolve.

<sup>1</sup> Scope 1: Direct emission from sources that are owned or controlled by the Group.  
<sup>2</sup> Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.  
<sup>3</sup> Scope 3: Other indirect emissions that occur in the upstream and downstream activities of the Group.

### *Hazardous and Non-hazardous Wastes*

The Group acknowledges the importance to handle the waste properly to minimise the impacts on the environment. The Group has established a policy of “Waste Handling Regulation” to manage waste collection, storage and disposal. There are specific collection processes, storage locations, disposal methods and responsible departments for production waste and domestic waste based on their types and sources of production. Recyclable waste, non-recyclable waste and hazardous waste are marked with different colour labels and symbols to clearly identify the waste for further processing. Recyclable waste such as paper, wood and plastic, are collected and sold to third parties for recycling. Non-recyclable waste such as used-up stationery and discarded tools, are collected by outsourced cleaning companies. For hazardous waste such as oil and batteries, they are handled and stored with due care and in accordance with relevant laws and regulations. The Group engages qualified recycling companies to perform waste treatment in order to ensure they are treated in appropriate ways and do not cause significant impact on the environment. The reduction in hazardous waste generation in 2025 was mainly due to the effective implementation of waste reduction measures this year. The reduction in non-hazardous waste generation in 2025 was achieved through enhanced waste segregation and recycling initiatives, demonstrating decoupling of waste growth from increased processing activity. Furthermore, the Group strives to reduce both of the hazardous and non-hazardous wastes by 5% by 2030.

Apart from recycling, the Group endeavours to reduce the solid waste by implementing various waste reduction measures as follows:

- Communication by electronic means such as emails is promoted.
- Double-sided printing is encouraged.
- Reusable utensils are used instead of disposable ones.
- Employees are encouraged to reuse stationery, such as used envelopes.

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During the reporting period, the hazardous and non-hazardous wastes generated by the Group were as follows:

Hazardous Waste and Non-Hazardous Waste			
Type of waste	Unit	2025	2024
<b>Hazardous waste</b>	tonnes	54.94	56.87
Hazardous waste intensity	tonnes/tonnes of production	0.000010	0.000010
<b>Non-hazardous waste</b>			
– Domestic waste	tonnes	190.07	193.71
Non-hazardous waste intensity	tonnes/tonnes of production	0.000034	0.000035

### *Wastewater*

The Group strives to effectively regulate the discharge of industrial and domestic sewage with the implementation of “Wastewater Management Regulation”. All discharged sewage meets the national and regional standards, including “Integrated Wastewater Discharge Standard (GB8878-1996)” and “Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)”. The domestic sewage is discharged into the municipal sewer systems for collective treatment in sewage treatment plant. For other types of wastewater, measures are adopted to avoid mixing the domestic sewage and prevent the pollution to surrounding water bodies as follows:

- Prohibition of using domestic water taps in cleaning of oil tanks and chemical containers.
- Immediate cleaning of any lubricating oil and fuel oil spillage.
- Reduction of the pesticide usage during greening process.
- Prohibition of discharging residual pesticide to the sewer.

In addition, the Group conducts annual assessment on the sewage to ensure that the pollutant levels in the sewage meet the standard of domestic sewage discharge.



## **A2. USE OF RESOURCES**

The major resources used by the Group are energy and water consumed in offices and during steel processing, and packaging materials for processed stainless steel products. The Group attaches great importance to reduce the resource consumption by implementing the “Energy and Resource Management Procedure” to manage the use of resources.

### *Energy Consumption*

The major sources of energy consumption are the fuel consumed by vehicles and machineries, and electricity used in offices and operation lines. The Group manages the use of energy in accordance with the national and local requirements. In order to monitor and reduce the energy consumption, the Group has adopted a variety of measures in production plants and in the office. The decrease in total energy consumption in 2025 was mainly attributable to the decrease in the operating rate of heat treatment furnaces during the year. Furthermore, the Group strive to reduce energy consumption by 5% by 2030.

In production plants,

- Frequent starting of production facilities, especially air compressor set, water cooling system and central air-conditioning, is avoided to reduce energy consumed from idling operation.
- Electricity meters are installed to monitor the energy usage and determine the effectiveness of energy saving measures.

In office,

- Lights and air-conditioners are switched off before leaving the office.
- Air-conditioning is maintained at an average temperature between 24 to 26 degrees Celsius.
- Energy saving light bulbs, such as compact fluorescent lamps, T5 fluorescent lamps and LED lightings are used.
- Electrical appliances with “Grade 1” energy labels are procured.



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*Case 1 5S Workplace Organization Methodology Program*

5S Workplace Organization Methodology Program (“5S”) is a system to reduce waste and optimise productivity while maintaining an orderly workplace. During the year, Jiangsu Daming production team 1 has implemented a variety of environmental-friendly measures in accordance with 5S to eliminate unnecessary energy consumption, increase operation efficiency and reduce production cost. Equipment idle is a problem that consumes unnecessary energy and accelerates depreciation of machinery. The team has identified the problem of equipment idle and implemented improvement plans to reduce the energy consumption and machinery maintenance cost.

During the reporting period, the energy consumption was as follows:

Energy Consumption			
Type of energy	Unit	2025	2024
Petrol	MWh	4,261.64	3,204.90
Diesel	MWh	4,955.66	4,670.67
LPG	MWh	58.57	63.78
Natural gas	MWh	19,493.16	16,866.42*
Purchased electricity	MWh	135,254.41	134,421.65
<b>Total</b>	<b>MWh</b>	<b>164,023.44</b>	<b>159,227.42</b>
Energy consumption intensity	MWh/tonnes of production	0.0293	0.0288

\* As part of the Group’s ongoing efforts to enhance data accuracy, the 2024 figure for natural gas consumption have been restated following refinements to consumption data allocation methodologies. The restated figures more accurately reflect the Group’s actual consumption during the period.



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*Water Consumption*

Water is another important resource used by the Group in daily operation. It is used mainly in canteens, offices and production lines for cleaning and machinery cooling. During the reporting period, the decrease in water consumption was due to effective implementation of water management policies. Furthermore, the Group strive to reduce water consumption by 5% by 2030.

The Group strives to conserve water effectively by identifying water saving initiatives as follows:

- Water-saving fixtures are installed for lavatories.
- Water-saving labels have been posted on water taps to remind employees.
- Regular maintenance is conducted for water supply equipment to prevent water leakage.

During the reporting period, the water consumption was as follows:

<b>Water Consumption</b>			
<b>Water consumption</b>	<b>Unit</b>	<b>2025</b>	<b>2024</b>
Total water consumption	m <sup>3</sup>	601,966.25	622,694.02
Water consumption Intensity	m <sup>3</sup> /tonnes of production	0.108	0.113



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### *Packaging Material and Other Resources*

The major packaging materials used by the Group are wood, metal, paper and plastic. They are used to protect the stainless-steel products in order to minimise the risk of damage during transportation. The increase in packaging material consumption in 2025 reflected evolving business needs and changes in the composition of orders processed during the year. Furthermore, the Group strive to reduce packaging material consumption by 5% by 2030.

The packaging material consumption was as follows:

Packaging Material Consumption			
Type of packaging material	Unit	2025	2024
Wood	tonnes	1,157.66	1,148.29
Metal	tonnes	1,823.62	1,376.65
Paper	tonnes	1,174.34	1,049.13
Plastic	tonnes	219.23	297.85

### A3. THE ENVIRONMENT AND NATURAL RESOURCES

According to the Environmental Protection Law of the PRC, where the construction of a project may cause any pollution to the environment, an environmental assessment must be performed. Environmental impact assessment is crucial for construction projects to identify potential environmental impacts and determine the prevention and remedial measures to be adopted. All the Group's construction and extension projects comply with relevant environmental impact assessment procedures, undergo inspection and have been approved by the relevant environmental protection authorities. The discharge of all pollutants complies with the relevant national standards.

The Group has established "Environmental Factors Identification and Evaluation Management Policy" to identify and evaluate any significant impacts on environment in production, delivery, service and operational activities. The environmental impact is assessed based on the scale, severity, probability of occurrence and duration of the environmental impact, and relevant environmental laws and regulations. With the results from environmental impact assessment, the Group can better formulate targets, indicators and improvement plans to minimise the impacts on the environment.



## **B. SOCIAL ASPECT**

The Group believes people are important assets and the keys to maintain its competitiveness. The Group strives to maintain a safe and equal working environment for our employees, provide development opportunities and promote employee health and well-being. The commitment is incorporated into staff handbook and other human resources management policies.

The Group is in strict compliance with the Labour Law of the PRC, the Labour Contract Law of the PRC and other applicable laws and regulations in the PRC. During the reporting period, the Group was not aware of any non-compliance with those applicable laws and regulations.

### **B1. EMPLOYMENT**

The staff handbook covers the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. The Group fully complies with relevant laws and regulations to provide basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing provident fund to employees. Employees are also entitled to various holidays and paid leaves such as statutory holidays, paid annual leave, marriage leave, maternity leave and compassionate leave.

The Group strives to create a diverse and inclusive workplace where all its employees are treated with dignity and respect. All employees are treated equally and their employment, remuneration and promotion opportunities will not be affected by their nationality, race, age, gender, religion, marital status or any status protected by law.

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At the end of the reporting period, the employee compositions (in percentage of employees) by gender, age group, geographical region, employment category and employment mode were as follows:

<b>Employee compositions</b>		
<b>Category</b>	<b>2025</b>	<b>2024</b>
<b>By gender</b>		
• Male	82%	81%
• Female	18%	19%
<b>By age group</b>		
• Age 30 or below	23%	21%
• Age 31-40	52%	52%
• Age 41-50	22%	23%
• Age 51 or above	3%	4%
<b>By geographical region</b>		
• Hong Kong	–	–
• PRC	100%	100%
<b>By employment category</b>		
• Senior management	1%	1%
• Middle management	4%	3%
• General staff	95%	95%
• Contract/Short-term staff	0%	1%
<b>By employment mode</b>		
• Full-time staff	100%	100%
• Part-time staff	0	0

The employee turnover rates by gender and age group during the reporting period were as follows:

<b>Employee Turnover Rate</b>		
<b>Category</b>	<b>2025</b>	<b>2024</b>
<b>By gender<sup>4</sup></b>		
– Male	20%	18%
– Female	11%	11%
<b>By age group<sup>5</sup></b>		
– 30 or below	22%	23%
– 31-40	18%	15%
– 41-50	16%	15%
– 51 or above	23%	16%
<b>By geographical region</b>		
– Hong Kong	–	–
– PRC	18%	17%
<b>Overall<sup>6</sup></b>	<b>18%</b>	<b>17%</b>

Recognising the importance of a work-life balance to a motivated and productive workforce, the Group organised a range of recreational activities to promote a healthy workplace, strengthen employees' sense of belongings and encourage them to explore personal interests during the reporting period and prior year.

<sup>4</sup> Turnover rate refers to total number of employee turnover of the gender group per total number of employees of the corresponding gender group on average of the year.

<sup>5</sup> Turnover rate refers to total number of employee turnover of the age group per total number of employees of the corresponding age group on average of the year.

<sup>6</sup> Turnover rate refers to total number of employee turnover during the reporting period per total number of employees on average of the year.



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**Year 2024**

*Start-up Plan: FineBI Digital Training*

In 2024, the Group organized the second FineBI data report training. FineBI tools can improve the efficiency and presentation of report analysis on the one hand, and provide more detailed data support for Daming’s management decisions on the other hand. More than 40 trainees from the Group and its branches and subsidiaries transformed the training effect through multiple practical links such as learning and practicing, FCA certification, practical operation exercises, and submission of high-quality works, in order to promote the Group’s digital transformation.

**Year 2025**

*AI Empowerment and Digital-Intelligence Enhancement Project*

In 2025, the Group organized a specialized training program on “AI + Manufacturing” to enhance application capabilities. The program covered the development of large AI model technologies, case studies of implementation in manufacturing, and tool applications, aiming to help employees grasp AI trends and improve their technical application and business innovation capabilities.

Concurrently, the Group held a seminar themed “Empowering with AI, Igniting Exchange.” Centered on topics such as large model technology application, the evolution of data intelligence, enterprise AI transformation pathways, and digital employee empowerment, the seminar provided concrete support for the Group’s intelligent development.

The employee welfare and expense during the reporting period was as follows:

Employee Welfare Items and Expenses		
Time	Welfare/Event	Expense per person (RMB)
January 2025	Chinese New Year Gift	330
January 2025	Annual Dinner	250
March 2025	International Women’s Day Gift	110
June 2025	Dragon Boat Festival Gift	156
July 2025	Personal Care Products	0
September 2025	Mid-Autumn Festival Gift	195
Every month in 2025	Birthday Card	120

## **B2. HEALTH AND SAFETY**

The Group places the highest priority on securing health and safety of all employees and strictly complies with the Law of the PRC on Prevention and Control of Occupational Diseases, the Law of the PRC on Work Safety and other applicable laws and regulations in the PRC. The Group strives to provide and maintain a safe and healthy working environment for employees to protect them from work-related injuries. To achieve this goal, the Group has set up a Safety Production Committee and implemented a range of health and safety related policies to manage occupational health and safety issues.

### **Safety Education**

Safety education, including training, assessment and safety management certification, is essential to ensure employees are well equipped to handle the machinery and fully understand the safety risks associated with relevant equipment. All newly recruited production staff receive the three-tier safety education, which includes knowledge of safe production, relevant regulations and operation procedures with the aims to strengthen employees' safety awareness and ability to handle emergency cases. For special operation, relevant personnel must receive safety training and obtain special operation certificate in accordance with national laws and regulations before working at the sites.

### **Protective Equipment**

To secure the health and safety of employees during operation, the Group has implemented a policy of “Labour Protective Supplies Management Regulation”. Operational staff is required to wear safety gear such as helmets, gloves and safety shoes to minimise the risk of work-related injuries. In procuring the protective equipment, a qualified supplier is chosen and the equipment is required to meet the relevant national laws and regulations, for example, the safety label and pass certificate. Suppliers are required to present the production and sell certificates.

In addition to protective gear, the Group adopted a policy of “Employee Body Checking Management Regulation” to protect the health of employees. The Group provides pre-placement body checks for newly joined employees, annual body checks for existing employees and specialised body checks for employees who are working in special types of work.

### **Extreme Hot Weather Precaution**

The Group acknowledges the health and safety risk in working under extreme hot weather. Hence, the Group has adopted a policy of “Heatstroke Prevention Management” to implement plans and measures for sunstroke prevention. Under hot weather, the Group provides salted soda water and ice for employees to avoid dehydration and lower body temperature. Employees should avoid working outdoor whenever the temperature of the day reaches 37 degrees Celsius. Employees who are pregnant or whose physical conditions are not suitable to work under high temperature should be avoided from working under hot weather.

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During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations. During the reporting period, there were 39 work-related injury cases (2024: 34; 2023: 38), resulting in 2,013 lost days (2024: 1,772; 2023: 1,551). Following a comprehensive review of safety protocols after the three work-related fatalities in 2024, the Group recorded zero fatalities in 2025. Employees were given paid sick leave for their recovery.

### B3. DEVELOPMENT AND TRAINING

The Group considers the skills and knowledge of our employees as the key elements for sustainable development of the Group. The Group offers training programs and job rotation based on the needs of respective positions and the talents and interests of the employee. The trainings offered can be divided into two main categories, orientation training and on-the job training. The orientation training is provided for newly joined employees. It covers corporate culture, regulation and product knowledge. The on-the-job training is provided for existing employees. The content is based on the needs of each department to enhance employees' skills in discharging their duties. In addition, employees are encouraged to attain relevant examination and obtain relevant certificates to enhance their personal performance.

During the reporting period, the percentage of employees trained by gender and employee categories were as follows:

Percentage of training participants to the number of employees		
By gender <sup>7</sup>	2025	2024
– Male	100%	100%
– Female	100%	100%
By employment category <sup>8</sup>		
– Senior management	100%	100%
– Middle management	100%	100%
– General staff	100%	100%
– Contract or short-term staff	0%	0%
<b>Overall</b>	<b>100%</b>	<b>100%</b>

<sup>7</sup> Percentage of employee trained refers to total number of trained employees of the gender group per the total number of employees of the corresponding gender group on average of the year.

<sup>8</sup> Percentage of employee trained refers to total number of trained employees of the corresponding employee category per the total number of employees of the corresponding employee category on average of the year.

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During the reporting period, the composition of employees trained by gender and employee categories were as follows:

Composition of training participants to the number of employees		
<b>By gender<sup>9</sup></b>	<b>2025</b>	<b>2024</b>
– Male	81%	82%
– Female	19%	18%
<b>By employment category<sup>10</sup></b>		
– Senior management	2%	1%
– Middle management	4%	3%
– General staff	95%	96%
– Contract or short-term staff	0%	0%

During the reporting period, the average training hours for employee by gender and employment categories were as follows:

Average training hours for employees			
<b>By gender</b>	<b>Unit</b>	<b>2025</b>	<b>2024</b>
– Male	hours/employee	50.6	35.4
– Female	hours/employee	52.0	33.4
<b>By employment category</b>			
– Senior management	hours/employee	60.4	96.6
– Middle management	hours/employee	25.1	40.2
– General staff	hours/employee	52.3	34.5
– Contract or short-term staff	hours/employee	–	–
<b>Overall</b>		<b>50.9</b>	<b>19.7</b>

<sup>9</sup> Composition of employee trained refers to total number of trained employees of the gender group per the total number of trained employees of the corresponding gender group on average of the year.

<sup>10</sup> Composition of employee trained refers to total number of trained employees of the corresponding employee category per the total number of trained employees of the corresponding employee category on average of the year.



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### Year 2024

#### *Case 1 Shanghai Jiao Tong University President Class (Third Phase)*

In 2024, a total of 7 general managers of Da Ming Group participated in the “Advanced Business Administration Training Program” of Antai, Shanghai Jiao Tong University. The overall course adopts the MBA\EMBA core course system, with leadership and innovation as the main line, and aims to help enterprises solve practical problems.

#### *Case 2 Jiangnan University MBA Class*

Da Ming Group cooperated with Jiangnan University to carry out a two-year high-potential talent management capacity improvement project, with 43 trainees. The 2024 trainee courses include “Organizational Change and Management Innovation”, “Quality Engineering and Management”, “Human Resource Management Change Based on Group Strategic Orientation”, etc. In September 2024, the project was successfully completed.

#### *Case 3 Da Ming Academy Knowledge Platform started operation*

As an important platform for the group’s talent training, Da Ming Academy undertakes the important functions of the group’s cultural inheritance, talent training, and knowledge sharing. It is committed to building career growth channels for employees in various systems, promoting the company’s talent training strategy, and creating a Da Ming learning organization! The establishment of Da Ming Academy marks that Da Ming Group’s talent training work has entered a new stage of full-process training, intelligent management, and digital empowerment.

#### *Case 4 Group Micro-Course Competition*

In order to promote the knowledge accumulation and experience inheritance of Da Ming Group and help the talent training model gradually move towards a learning organization, the 2024 Da Ming Group’s first “Not less than a tiny light, creating a torch into the sun” micro-course crowd creation competition is in full swing! 79 employees from various business units and departments of the company signed up for the competition. The contestants independently selected topics and produced micro-courses based on their actual job positions. At the same time, the group also adopted various forms of empowerment training for the contestants (online professional courses, offline workshops, live tutoring, etc.), and finally formed 54 micro-course works.



## **Year 2025**

### *Case 1 AI-Empowered Digital and Intelligent Enhancement Project*

In 2025, the Group launched a specialized training program titled “AI + Manufacturing” Application Capability Enhancement, covering topics such as the development of large AI model technologies, practical implementation cases in manufacturing, and tool applications. This initiative aims to help employees grasp AI trends and enhance their technical application and business innovation capabilities. Additionally, the Group held a thematic seminar titled “AI Empowerment, Intelligence-Driven Exchange,” focusing on discussions regarding large model technology applications, the evolution of data intelligence, enterprise AI transformation pathways, and digital employee empowerment, effectively supporting the organization’s intelligent development.

### *Case 2 Frontline Management Development Program*

To support newly promoted team leaders in transitioning from individual contributors to effective managers, the Group launched an empowerment training program for new frontline supervisors in autumn 2025. Targeted at employees recently promoted to team leader roles, the program is structured around three core modules: management practices, tool applications, and managerial mindset. The curriculum systematically covers the analysis of management tools such as pre-shift meeting organization, effective communication, and PDCA, as well as courses on goal management and team motivation. The program incorporates a multi-dimensional assessment system comprising knowledge tests, practical reports, and course completion rates. Participants who successfully pass the evaluations are awarded a certificate of completion, effectively strengthening the Group’s frontline management capabilities.

### *Case 3 Production Team Leader (Chief Operator) Certification Program*

To continuously enhance the management and operational capabilities of frontline teams, the Group has comprehensively advanced the occupational qualification certification for Production Team Leaders (Chief Operators). This initiative ensures personnel are certified and in accordance with standards in areas such as production operations, equipment inspection, quality control, and safety management, with a total of 517 team leaders participating.



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### **B4. LABOUR STANDARDS**

The Group strictly emphasises on the prohibition of engaging child labour and forced labour and fully complies with the Labour Law of the PRC, Provisions on the Prohibition of Using Child Labour and other relevant laws and regulations in the PRC. The Group has formulated policy of “Recruitment Procedure” on managing the prohibition of child labour. As prevention for child labour, candidates are required to present their identity cards for age verification during recruitment process. Individuals under the age of 16 or without any identification documents are disqualified from employment. In case of any child labour, the Group will terminate his/her employment and offer medical checks for him/her. The Group will also review the problem to prevent recurrence.

The Group is committed to respecting the freedom of employee and prohibiting all form of forced labour. The working hours are regulated in the staff handbook and overtime working is compensated in accordance to relevant laws and regulations.

With regard to third party suppliers, they are required to comply with relevant laws and regulations to uphold the elimination of child labour and forced labour. Once they are discovered of being intentionally complicit in child or forced labour, cooperation will be terminated immediately.

During the reporting period, the Group did not discover any significant risk exposure in relation to the employment of child labour for works of hazardous nature, forced or compulsory labour in any operation.

### **B5. SUPPLY CHAIN MANAGEMENT**

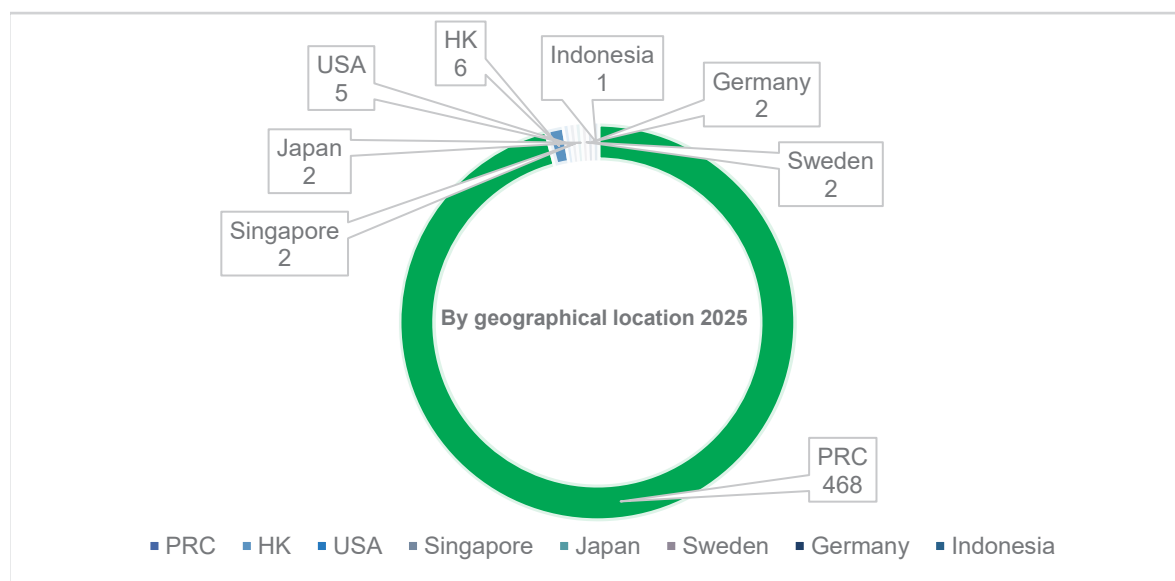
In order to manage and mitigate the environmental and social risks in the supply chain, the Group selected suppliers and products carefully and maintained long-term and stable relationship with qualified suppliers. According to the Group’s policy “Supplier, Distributor and Subcontractor Management Procedure”, the Group considers the social responsibilities of suppliers in selecting suppliers and encourages all suppliers to enhance social responsibility performance. The Group has established social responsibility profiles for suppliers and distributors to keep record of their evaluation results and improvement plans. Suppliers and distributors are required to sign a Social Responsibility Agreement and fully abide by the local labour laws and regulations and the SA8000 Social Compliance Standard. In addition, the Group conducts site inspection at least once a year to assess the social responsibility performance of suppliers and distributors and keep tracks of the improvements.



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During the reporting period, the supplier composition (in numbers of suppliers) by geographical region was as follows:



### B6. PRODUCT RESPONSIBILITY

The Group regards product and service qualities as key competitive advantages of its business and makes every effort to improve the product and service qualities while strengthening communications with our customers. The Group strictly complies with the Trademark Law of the PRC, Law of the PRC on Product Quality, Law of the PRC on the Protection of Consumer Rights and Interests and other applicable laws and regulations in the PRC.

#### *Quality Control*

The Group has established various quality control policies and procedures to ensure our products comply with the product specifications requested by customers and meet the requirement of ISO9001:2008 Quality Management System.

The quality control system can be divided into two main categories, including quality control for raw materials and quality control on processing procedures. To ensure the quality of raw materials meet their respective specifications, samples are taken and sent to laboratories for testing on chemical contents. In order to control the quality of processing process, regular inspections are carried out by quality control personnel at various stages of the processing procedures to ensure consistency of the processing procedures.



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### *Complaints and Opinions Handling*

The Group believes the opinions from customers can drive its continuous improvement program and are essential to its pursuit for excellence. The Group welcomes the opinions from customers by establishing customer service hotlines, conducting site visits and convening customer meetings. In case of receipt of complaints, the Group will take prompt actions and carry out remediation plans. During the reporting period, 4,735 products (2024: 5,749 products) and service-related complaints were received, and 6,190 tonnes of products (2024: 3,244 tonnes) sold or shipped were subjected to recalls for safety and health reasons. The increase in product recalls during 2025 reflected stricter customer requirements across quality, delivery, and compliance, which expanded the scope of returns captured within our reporting metrics. The Group has since reviewed its quality control procedures for the relevant product lines.

### *Intellectual Property Protection*

The Group is dedicated to protecting and enforcing its intellectual property rights which are crucial to sustainable business growth. Management systems are in place to specify requirements on submission, application, indexing and rewarding of patents. In addition, the Group signs confidentiality agreements with technical specialists.

### *Customer Data Protection and Privacy*

The Group is aware of the importance in handling customer information and takes high precaution in ensuring their confidentiality to avoid misuse of personal data. The Group has implemented policy “Business Ethics Control Procedure” and required employees to fully abide by the guidance on prohibiting any unauthorised disclosure of confidential information.

## **B7. ANTI-CORRUPTION**

The Group is committed to upholding high standards of business ethics. With the implementation of “Anti-Corruption Control Procedure”, the Group conveys its firm stance against corruption and fraud to its customers, suppliers, contractors and employees. The Group requests employees and third parties to sign an anti-bribery/ anticorruption commitment and fully comply with the requirements as defined. Management department is responsible to monitor the business operation and oversee any cases related to corruption or fraud.

The Group’s whistle-blowing procedure encourages and enables stakeholders to report on observed and suspected non-compliance and questionable practice by setting up report box and report phone. Once misconduct case is found and confirmed, the relevant personnel will be subject to disciplinary actions and reported to legal authorities when necessary.

During the reporting period, no legal case concerned (2024: nil) with corrupt practices was brought against the Group.



## **B8. COMMUNITY INVESTMENT**

As a socially responsible corporate citizen, the Group is constantly aware of the community needs and has actively participated in local community's activities. The Group also encourages employees to devote their effort to community care.

### **Cooperation with education institutions**

The Group believes that youths are the future leaders of our society and continues to cultivate young people by cooperating with education institutions.

#### **Year 2024**

##### *Case 1 Campus Recruitment and Training Program for College Students*

Talents recruited from campus are the backbone and important guarantee for the future development of the Group. In July 2024, the Group organized an induction training for college students, with a total of 22 people participating. From corporate culture to business awareness and job skills, the 2024 campus recruits learned about Da Ming's development in all aspects and clarified their career plans through a week of face-to-face courses, theme visits, and practical activities. All employees successfully completed the training. In the later stage, a report and defense meeting for campus recruits was organized to help campus recruits sort out and summarize their phased work and better look forward to future growth plans for their positions.

#### **Year 2025**

##### *Case 1 Campus Recruitment Talent Development Program*

Campus recruits represent a vital force for the Group's future development. In July 2025, Daming International launched its 2025 Campus Talent Boot Camp at its headquarters in Wuxi. The training program covered corporate culture, career planning, knowledge of stainless steel and carbon steel, production processes, and sales skills. Combined with production internships at processing centers, it helped new hires systematically build a business understanding. Additionally, the Group organized visits to steel mills for the campus recruits, further strengthening their comprehension of the steel industry and laying a solid foundation for their professional development.



## DA MING INTERNATIONAL HOLDINGS LIMITED

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### Fulfilling social responsibility

#### Year 2024

##### *Case 1 The Fifth Da Ming Cup Production Operation Exchange Competition and Job Skills Operation Competition Plan*

This job skills operation competition aims to comprehensively test the working ability and safety and standard working awareness of the core positions in cutting, grinding, warehousing and other front-end processing of Da Ming branches and subsidiaries. Each step of lean processing is the key to completing the back-end process and is an indispensable part of the Company's production process. Through this competition, a group of employees and teams with excellent job skills and excellent operating methods will be selected. And through their demonstration and leading role, the overall production level of the company will be further improved.

##### *Case 2 Wuxi City 2024 Second Corporate Games 3x3 Basketball*

As a key enterprise in Wuxi, Da Ming was invited to participate in the 2nd Wuxi Workers' Games in 2024. The participating players were selected from various subsidiaries. The competition fully demonstrated the positive spirit of Da Ming's employees and interpreted the corporate culture concept of Healthy Da Ming. On the one hand, the event is an interactive communication platform to increase friendship and promote development, and it also conveys Da Ming's healthy positive energy to the outside world.

##### *Case 3 The upstream and downstream of the supply chain discuss building a brand alliance*

In order to further enhance the Company's brand promotion and social responsibility construction work and improve the co-construction effect, we specially invited Posco (Zhangjiagang) and Shanghai Shida to discuss how to innovate and build an industrial chain brand co-construction alliance.

##### *Case 4 The delegation visited the needy people in Xitong Community and the Wuxi Children's Welfare Institute*

Over the years, Da Ming Group has been based in Wuxi and serving the world. While continuing to grow and develop, it has also always insisted on fulfilling its social responsibilities. Through visits, donations, blood donations, voluntary services, environmental protection activities and other methods, it has actively created a positive energy culture internally and carried forward the fine tradition of helping the poor and the needy, and being kind and charitable externally. It has used good deeds to support responsibility and used love to promote positive energy, thus achieving sharing and common development with society.



## **Year 2025**

### *Case 1 Executive Search Vendor Seminar*

On February 20, 2025, the “Daming Import & Export & Executive Search Vendor Seminar” was held. External vendors Risfond, ManpoerGRC and Career International were invited, with a total of 7 representatives visiting the Company for exchanges. The meeting was attended by the Chairman and General Manager of Daming Import & Export, the Minister of Human Resources of Daming Group, and other key personnel. The meeting focused on introducing talent requirements for the overseas market layout, specifically regarding materials and deep processing segments. This seminar effectively advanced the recruitment of pioneering talent for the Company’s overseas market expansion.

### *Case 2 Organizing Eco-Friendly Activities Such as Hiking*

In November, Daming Group held the “Houshan Environmental Protection Light Hiking” – a family trek combining exercise and litter collection. Employees and their children hiked designated trails and gathered waste, which teams sorted, weighed, and submitted for friendly competition. The event promoted health, environmental awareness, and community responsibility – and drew praise from fellow hikers.

Daming’s family program runs year-round: Lantern Festival dumpling-making, Dragon Boat Festival nature outings, and autumn eco-hikes – all linking family time with hands-on sustainability. Separately, Hubei and Taiyuan Daming launched on-site farms on idle factory land. Employees grow vegetables in their free time; harvests go to the cafeteria – improving nutrition, cutting food miles, and supporting sustainability – at no cost to staff.

### *Case 3 Organizing Sports Tournaments*

The Company supports employees in participating in marathons such as the Wuxi Marathon, Lihu Marathon, and Yuanshan Lake Marathon, showcasing the workforce’s energetic and positive spirit. Additionally, the Company has organized events including Spring Festival Sports Meet, Guandan Competition, a 3-on-3 Basketball Tournament, and hiking activities. These initiatives have effectively alleviated work pressure while promoting team integration and physical & mental well-being.



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### *Case 4 Active Organization and Participation in Industry Events to Promote Green and Healthy Industrial Development*

To advance green and sustainable development in the shipbuilding industry, Daming International hosted the 2025 Shipbuilding Industry Promotion Conference. The event facilitated supply-chain collaboration among steel mills, shipyards, owners, and research institutions to promote intelligent, low-carbon shipping solutions.

Daming also co-hosted the 2025 Ezhou Steel Pressure Vessel Steel Promotion Conference with Baowu Group and actively participated in key new energy forums, including the Suzhou New Energy Industry Seminar, Tianjin Clean Energy Conference, 17th China International Battery Technology Meeting, and 18th International Solar PV & Smart Energy Conference (Shanghai), reinforcing its role in the new energy sector.

### *Case 5 Community Outreach and Care for Vulnerable Groups*

Committed to sustainable growth and social responsibility, Daming integrates corporate giving into its culture through donations, volunteerism, and community support.

Ahead of the Spring Festival, a delegation from Jiangsu Daming – comprising representatives from the Party Branch, Trade Union, and Administration – visited Xitong Community and the Wuxi Children’s Welfare Institute, delivering holiday care packages and seasonal greetings.

At the subsidiary level, Hubei Daming’s General Manager, Zhu Haibin, participated in a CPPCC “Delivering Warmth” initiative, while Zhejiang Daming joined local community efforts to distribute summer refreshments, demonstrating Daming’s ongoing commitment to public welfare.



## **C. CLIMATE RESILIENCE**

### **Governance**

The Board of Directors (the “Board”) has primary responsibility for overseeing the management of climate-related risks and opportunities. The Board meets at least annually to discuss these matters, providing strategic direction and monitoring progress against established targets. Climate-related considerations are, where feasible, incorporated into the Company’s overall strategy and business planning.

To support the Board, the Group has established an ESG Working Group, comprising designated staff from various departments. The ESG Working Group is responsible for reviewing and supervising ESG-related processes, including climate change, and reports to the Board on a regular basis. Key functions of the ESG Working Group include:

- Evaluating the impact of climate-related risks on our operations.
- Formulating and reviewing relevant policies to address these risks.
- Overseeing the development of the Group’s ESG strategy and disclosure.

The Board will continue to enhance its oversight by ensuring management receives relevant training on climate-related matters and will consider seeking external professional advice when necessary to support decision-making.



## DA MING INTERNATIONAL HOLDINGS LIMITED

Environmental, Social and Governance Report 2025

### Strategy

Climate change risk is an integral component of our overall risk profile. Our strategy is designed to identify and respond to climate-related challenges and opportunities across different time horizons, considering the specific nature of our business as a steel processor with a network of processing centres in the PRC and a transport-intensive supply chain.

To better understand these risks and opportunities, the Group has undertaken a climate scenario analysis aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). We utilised publicly available climate scenarios and data from authoritative sources, including the Intergovernmental Panel on Climate Change (“IPCC”) and the Network for Greening the Financial System (“NGFS”). Two distinct scenarios were selected to capture a range of potential futures:

- **Low Emissions Scenario (Paris-aligned):** This scenario assumes concerted global action leads to significant emissions reductions, limiting global warming to well below 2°C by 2100. It is associated with higher transition risks (e.g., policy changes, technological shifts) but lower physical risks (e.g., extreme weather events).
- **High Emissions Scenario (Business-as-usual):** This scenario assumes current climate policies persist without significant enhancement, resulting in a higher emissions trajectory and global warming of at least 3°C by 2100. It is associated with higher physical risks but lower transition risks.

The analysis considered potential impacts across different time horizons – short, medium, and long-term – to capture the evolving nature of climate-related risks. Based on this initial analysis, we have identified the following climate-related risks and opportunities, which are discussed in the tables below along with their potential financial impacts and our planned mitigation measures. This initial assessment will serve as a foundation for more detailed evaluations in the future as our capabilities and external data sources continue to develop.



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**Significant Climate-Related Issues**

Climate-related risks description	Time horizon	Financial Impact	Steps taken to manage the risks
<b>Physical Risk</b>			
<p>Acute physical risks</p> <ul style="list-style-type: none"> <li>Increased severity and frequency of extreme weather events such as typhoons, floods, and heavy rainfall. These events can disrupt transportation networks, delaying raw material deliveries to our processing centres and finished product shipments to customers. Operations at processing facilities may be temporarily suspended due to flooding, power outages, or damage to infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Short- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>Operating costs increase due to logistics disruptions, supply chain delays, and higher insurance premiums.</li> <li>Capital expenditure may increase for repairs to damaged facilities, processing equipment, and drainage systems.</li> <li>Revenue may decrease due to operational downtime and inability to fulfil customer contracts on time.</li> </ul>	<ul style="list-style-type: none"> <li>Developing and maintaining natural disaster emergency response plans tailored to each of our ten processing centres.</li> <li>Conducting regular inspections of drainage systems, roofing, and facility integrity at all sites to ensure resilience against heavy rainfall and high winds.</li> <li>Monitoring weather forecasts closely and establishing protocols for suspending or adjusting operations in advance of extreme weather events.</li> <li>Reviewing and updating business continuity plans to incorporate climate-related disruption scenarios.</li> </ul>



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Climate-related risks			
description	Time horizon	Financial Impact	Steps taken to manage the risks
<p>Chronic physical risks</p> <ul style="list-style-type: none"> <li>Changes in precipitation patterns and prolonged drought conditions. While our processing operations are not highly water-intensive, water is used for cooling machinery and in canteens. Prolonged drought or changes in water availability could increase operational costs or lead to constraints in regions where we operate.</li> </ul>	<ul style="list-style-type: none"> <li>Medium- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>Operating costs may increase due to higher water sourcing costs or reduced equipment efficiency.</li> <li>Revenue may be affected by reduced operational efficiency or capacity constraints during periods of extreme heat or water scarcity.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing water conservation measures across all processing centres and offices to reduce consumption and improve efficiency.</li> <li>Monitoring and optimising energy consumption across operations to mitigate cost increases associated with higher temperatures.</li> <li>Engaging with local stakeholders and authorities to stay informed of regional climate adaptation plans and resource availability.</li> </ul>



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<b>Climate-related risks</b>			
<b>description</b>	<b>Time horizon</b>	<b>Financial Impact</b>	<b>Steps taken to manage the risks</b>
<p>Rising temperatures and more frequent heatwaves</p> <ul style="list-style-type: none"> <li>• Extreme heat can affect worker health and safety, particularly for operational staff in processing centres and warehouses. Equipment may also experience reduced efficiency or increased maintenance needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Medium- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Staff welfare costs may increase due to heat-related health measures (e.g., adjusted working hours, cooling facilities).</li> <li>• Equipment maintenance costs may increase.</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing heat stress management protocols for operational staff, including provision of rest breaks, hydration stations, and flexible working hours during peak temperatures.</li> <li>• Ensuring adequate ventilation and cooling in processing areas.</li> <li>• Providing training on heat stress prevention.</li> </ul>
<b>Transitional Risk</b>			
<p>Policy and legal risk</p> <ul style="list-style-type: none"> <li>• Introduction of or increases in carbon pricing, emission reduction mandates, or energy efficiency requirements by the PRC government. As an energy consumer, the Group may face higher compliance costs or operational restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>• Medium- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>• Operating costs may increase due to carbon pricing mechanisms, taxes on fossil fuels, or costs associated with compliance with stricter environmental regulations.</li> <li>• Capital expenditure may be required to upgrade equipment, install emission control technologies, or modify processes to meet new standards.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring regulatory developments at national and local levels in the PRC to anticipate and prepare for policy changes.</li> <li>• Conducting regular reviews of the Group’s environmental compliance status and identifying areas for improvement.</li> <li>• Planning for potential future investments in cleaner technologies or efficiency improvements to reduce regulatory risk exposure.</li> </ul>



## DA MING INTERNATIONAL HOLDINGS LIMITED

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Climate-related risks			
description	Time horizon	Financial Impact	Steps taken to manage the risks
<p><b>Technology risk</b></p> <ul style="list-style-type: none"> <li>Development and adoption of new, lower-emission technologies in the steel processing industry (e.g., more efficient heat treatment furnaces, energy-efficient machinery). Failure to keep pace with technological advancements could erode the Group's competitive position.</li> </ul>	<ul style="list-style-type: none"> <li>Short- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>Capital investment requirements may increase to adopt new technologies or replace outdated equipment.</li> <li>Research and development or partnership costs may be incurred to explore new technologies.</li> <li>Assets may become stranded or lose value if they are not compatible with a lower-carbon economy.</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring technological developments in steel processing efficiency, emission control, and renewable energy integration.</li> <li>Evaluating the feasibility and cost-benefit of adopting new technologies as they mature and become commercially viable.</li> <li>Piloting energy-saving initiatives, such as the 5S Workplace Organization Methodology Program, to improve efficiency.</li> </ul>
<p><b>Market risk</b></p> <ul style="list-style-type: none"> <li>Changing customer preferences as industrial buyers face pressure to decarbonize. Customers may seek suppliers with lower carbon footprints or impose stricter environmental requirements on suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Medium- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>Revenue may decrease if customer demand shifts towards lower-carbon products or if buyers impose stricter environmental requirements on suppliers.</li> <li>The Group may face pricing pressure or loss of market share if it cannot demonstrate progress on emissions reduction or sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening relationships with existing customers to understand their evolving needs and preferences.</li> <li>Exploring opportunities to enhance the sustainability profile of the Group's products and services, such as improving energy efficiency in processing.</li> <li>Engaging with financial partners to understand their ESG expectations and communicate the Group's sustainability efforts.</li> </ul>



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Climate-related risks description	Time horizon	Financial Impact	Steps taken to manage the risks
<p>Reputational risk</p> <ul style="list-style-type: none"> <li>Growing stakeholder scrutiny of the environmental and climate impacts of industrial activities. Negative perceptions could affect the Group’s social license to operate, its ability to attract talent, and its relationships with communities and regulators.</li> </ul>	<ul style="list-style-type: none"> <li>Medium- to long-term</li> </ul>	<ul style="list-style-type: none"> <li>Revenue may be impacted if the Group’s reputation is damaged among customers, investors, or the public due to perceived inaction on climate change.</li> <li>Recruitment and retention of talent may become more difficult if the Company is perceived as not addressing climate risks responsibly.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing transparency by disclosing ESG performance and climate-related risks in this report and future communications.</li> <li>Engaging constructively with local communities, regulators, and other stakeholders to understand and address their concerns.</li> <li>Supporting community initiatives and contributing to local economic development to maintain positive relationships.</li> <li>Continuing to improve ESG governance and integrate climate considerations into business decision-making.</li> </ul>



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During the reporting period, the primary climate-related opportunities and the corresponding financial impacts were as follows:

**Climate-Related Opportunities**

Detailed description of climate-related opportunities	Financial impact
<p><b>Resource efficiency</b></p> <ul style="list-style-type: none"> <li>Improving energy efficiency of processing facilities (e.g., upgrading to energy-efficient motors, LED lighting, optimizing heat treatment furnace usage). Reducing water consumption through water-saving fixtures and leak prevention.</li> </ul>	<ul style="list-style-type: none"> <li>Operating costs may decrease through efficiency gains in processing, reduced energy consumption, and optimized resource use.</li> <li>Profit margins may improve through reduced input costs (energy, water) per tonne of steel processed.</li> </ul>
<p><b>Energy source</b></p> <ul style="list-style-type: none"> <li>Exploring opportunities for on-site renewable energy generation to power operations.</li> <li>Exploring eligibility for government incentives or subsidies supporting clean energy adoption or energy efficiency improvements.</li> </ul>	<ul style="list-style-type: none"> <li>Energy costs may stabilize or reduce through diversification of energy sources and reduced exposure to grid price volatility.</li> <li>Potential revenue streams may be generated from excess renewable energy exported to the grid.</li> <li>Returns on investment in renewable energy and low-emission technologies may improve over time.</li> </ul>
<p><b>Products and services</b></p> <ul style="list-style-type: none"> <li>Developing and supplying higher-value, processed steel products that help customers meet their own emissions reduction targets (e.g., lighter-weight, higher-strength steels for automotive or renewable energy applications).</li> </ul>	<ul style="list-style-type: none"> <li>New revenue streams may be developed by offering higher-value products to environmentally conscious customers.</li> <li>Competitive advantage may strengthen as customers seek suppliers with better environmental performance.</li> </ul>



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Detailed description of climate-related opportunities	Financial impact
<p><b>Markets</b></p> <ul style="list-style-type: none"> <li>• Accessing new customer segments, including industrial buyers and manufacturers seeking to reduce their scope 3 emissions by sourcing from suppliers with better environmental credentials. Strengthening positioning in existing markets by demonstrating credible climate action and transparency in ESG disclosures.</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue may increase through access to new customer segments or geographic markets that prioritize lower-emission suppliers.</li> <li>• Cost of capital may improve as access to green financing or ESG-focused investors expands.</li> </ul>
<p><b>Resilience</b></p> <ul style="list-style-type: none"> <li>• Enhancing operational resilience by diversifying suppliers, logistics routes, and transport modes to mitigate climate-related disruptions. Integrating climate considerations into business continuity planning and long-term strategy to ensure adaptability to changing market and regulatory conditions.</li> </ul>	<ul style="list-style-type: none"> <li>• Market valuation may be enhanced through improved resilience planning and long-term strategic positioning.</li> <li>• Supply chain reliability may improve, reducing vulnerability to climate-related disruptions.</li> <li>• Revenue streams may become more stable through improved ability to operate under various climate conditions.</li> </ul>



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### Risk Management

Our Group identifies climate change-related risks and tests existing risk management strategies with the aid of risk assessment, thereby identifying areas where new strategies may be needed.

The risk assessment takes a standard risk-based approach using national data, local information, and expert knowledge, which can identify how climate change may compound existing risks or create new ones. The risk assessment is conducted through the following steps:

- Step 1: Establish the context – Define objective/goal, scale, time frame, and climate change scenario.
- Step 2: Identify existing risk (past and current) – Identify the record of occurrence of climatic hazards in the area and existing risk management strategies.
- Step 3: Identify future risk and opportunities – Explore climate change projections, identify potential hazards, investigate whether existing risks may worsen, and identify new risks.
- Step 4: Analyse and evaluate risk – Identify a set of decision areas or systems (e.g., geographical areas, business operations, assets) that have the potential to be at risk in the future.

As outlined within the ESG Governance section, the Group maintains an enterprise-wide risk management framework that identifies, assesses, prioritizes, and manages risks across all aspects of our business operations. The integration of climate-related risks into this framework is currently in progress, reflecting the Group's commitment to strengthening its approach in line with evolving practices and regulatory expectations.

The Group has begun taking preliminary steps to better understand climate-related risks and their potential relevance to our business. This includes initial discussions within the ESG Working Group and familiarization with emerging regulatory expectations. The Group engages with government and other appropriate organizations to keep abreast of expected and potential regulatory and/or fiscal changes.



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Looking ahead, the Group intends to:

- Continue enhancing its understanding of climate-related risks relevant to its operations and value chain.
- Assess appropriate methodologies for identifying and evaluating such risks as data availability improves.
- Develop a roadmap for integrating climate-related considerations into its overall risk management framework.
- Review progress and provide updates in future ESG reports.

The Group will continue to monitor developments in this area and will reassess its position as practices, data, and internal capabilities evolve.

### **Metric and Targets**

Our Group uses key metrics to measure and manage climate-related risks and opportunities. Energy consumption and greenhouse gas (“GHG”) emissions are the primary indicators we consider material to our operations and critical for assessing our climate impact. We track these metrics regularly to evaluate the effectiveness of our emission reduction initiatives and to inform our ongoing sustainability efforts.

The Group has set performance improvement targets for certain environmental aspects, including aims to reduce air pollutant emissions, GHG emission intensity, energy consumption, water consumption, and packaging material consumption intensity by 5% by 2030, using 2025 as base year. Details of these targets and our performance against them are described in sections A1 (“Emissions”) and A2 (“Use of Resources”) of this Report. The Group will continue to review and refine its targets as part of its commitment to managing climate-related risks and contributing to environmental sustainability.



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**ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX**

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections
General Disclosure		“Environmental Aspects”
KPI A1.1	The types of emissions and respective emissions data	“Emissions – Air Pollutant Emission”
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	“Emissions - Greenhouse Gas Emission”
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	“Emissions - Hazardous and Non-hazardous Wastes”
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	“Emissions - Hazardous and Non-hazardous Wastes”
KPI A1.5	Description of measures to mitigate emissions and results achieved	“Emissions – Air Pollutant Emission” “Emissions - Greenhouse Gas Emission”
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	“Emissions - Hazardous and Non-hazardous Wastes”
General Disclosure		“Use of Resources”
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	“Use of Resources – Energy Consumption”
KPI A2.2	Water consumption in total and intensity	“Use of Resources – Water Consumption”
KPI A2.3	Description of energy use efficiency initiatives and results achieved	“Use of Resources – Energy Consumption”
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	“Use of Resources - Water Consumption”
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	“Use of Resources - Packaging Material and Other Resources”



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Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections
General Disclosure		“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	“The Environment and Natural Resources”
General Disclosure		“Climate Change”
General Disclosure		“Employment”
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	“Employment”
KPI B1.2	Employee turnover rate by gender, age group and geographical region	“Employment”
General Disclosure		“Health and Safety”
KPI B2.1	Number and rate of work-related fatalities	“Health and Safety”
KPI B2.2	Lost days due to work injury	“Health and Safety”
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	“Health and Safety”
General Disclosure		“Development and Training”
KPI B3.1	The percentage of employee trained by gender and employee category	“Development and Training”
KPI B3.2	The average training hours completed per employee by gender and employee category	“Development and Training”
General Disclosure		“Labour Standards”
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	“Labour Standards”
KPI B4.2	Description of steps taken to eliminate such practices when discovered	“Labour Standards”
General Disclosure		“Supply Chain Management”
KPI B5.1	Number of suppliers by geographical region	“Supply Chain Management”



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Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	“Supply Chain Management”
General Disclosure		“Product Responsibility”
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	“Product Responsibility - Complaints and Opinions Handling”
KPI B6.2	Number of products and service related complaints received and how they are dealt with	“Product Responsibility - Complaints and Opinions Handling”
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	“Product Responsibility - Intellectual Property Protection”
KPI B6.4	Description of quality assurance process and recall procedures	“Product Responsibility - Quality Control”
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	“Product Responsibility - Customers Data Protection and Privacy”
General Disclosure		“Anti-corruption”
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	“Anti-corruption”
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	“Anti-corruption”
General Disclosure		“Community Investment”
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	“Community Investment”
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	“Community Investment”



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Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections
Climate Resilience		
Governance	<ul style="list-style-type: none"> <li>a. Describe the board’s oversight of climate-related risks and opportunities.</li> <li>b. Describe the management’s responsibilities in overseeing climate related risks and opportunities.</li> </ul>	“Climate Resilience”
Strategy	<ul style="list-style-type: none"> <li>a. Describe the climate-related risks and opportunities over different time horizons.</li> <li>b. Describe the impacts of the climate related risks and opportunities on the organization’s financial performance and business model, and their mitigation measures.</li> <li>c. Describe the resilience of the organisation’s strategy, considering various climate-related scenarios, including a global average temperatures 3°C or lower scenario.</li> </ul>	“Climate Resilience”
Risk Management	<ul style="list-style-type: none"> <li>a. Describe the organisation’s processes for identifying, assessing and managing climate related risks.</li> <li>b. Describe how the processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.</li> </ul>	“Climate Resilience”
Metric and Targets	<ul style="list-style-type: none"> <li>a. Describe the metrics used by the organisation to assess climate-related risks and opportunities.</li> <li>b. Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions.</li> <li>c. Describe the climate-related targets to manage the risks and opportunities and performance against targets.</li> </ul>	“Climate Resilience”

