



Hi-Level Technology Holdings Limited
揚宇科技控股有限公司

Stock Code: 8113

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Report

The Board believes that a sound environmental, social and governance (“**ESG**”) is vital for continued sustainability and development of the Group’s operation. The Board has taken overall responsibility for the Group’s ESG strategy and reporting and has a strong commitment to environmental protection with the mission to promote the environmental culture among our staff to maintain a sustainable development for the Group.

Unless otherwise specified, the environmental data covers the Group’s operation in Hong Kong and the PRC.

A. ENVIRONMENTAL

A1. Emissions

The Group is an independent design house (“**IDH**”), primarily engaged in the sale of electronic components (mainly integrated circuit (“**IC**”) and panels) for consumer electronic products such as electronic learning aids (“**ELA**”), tablets, set-top boxes, multi-media players (car infotainment system) and video image devices together with the provision of IDH services to original brand manufacturers and original design manufacturers.

Non-hazardous solid wastes generated in our office and warehouse during our operation. For hazardous electronic wastes, the Group works with recycling companies and hand the waste for their recycling and handling.

During the year 2016 (the “**Year**”), indirect emissions from the office were mainly generated from the consumption of purchased electricity. However, the Group takes steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions and seeks less harmful ways to the environment in the operations.

Saved for the above, the operations of the Group do not have significant impact to the environment.

A2. Use of Resources

The Group has always placed great emphasis on energy and resources conservation. To achieve this, the Group continually applies efficient consumption strategy to improve energy saving and reduce energy consumption.

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimizing office wastage in daily operations. For energy saving and greenhouse emission reduction, LED lamps for offices and warehouse are installed, air conditioners filters are cleaned and maintained regularly, ecofriendly stationery are used, environmentally friendly paper to print financial reports, recycling bins are provided at our office with waste paper and used toner cartridges collected for recycling.

The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. In addition, we arranged conference calls or video conference instead of face-to-face meetings where possible.

A3. The Environment and Natural Resources

Although the core business of our Group has remote impact on the environment and natural resources, we recognize the responsibility in minimizing the negative environmental impact of our business operations and our investment portfolio.

The Group endeavors to comply with the applicable environmental laws and regulations and has adopted effective measures to reduce wastage. Our employees are fully aware that it is important for the operation of the Group to minimize the impact on the environment and natural resources.

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B. SOCIAL

B1. Employment

Employees are our valuable assets. We have developed a written staff manual to govern the discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations.

To attract, motivate and retain experience staffs, we reviewed their pay packages annually with prevailing market conditions. Our full-time employees are entitled to paternity, compassionate leaves, medical insurance, performance related bonus and mandatory provident fund. Our PRC full-time employees are also entitled to nursing leave. The Group has adopted a share option scheme as an incentive to eligible employees. Social and recreational activities are arranged for the employees in achieving work-life balance. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices.

There were no non-compliance cases noted in relation to health and safety laws and regulations during the Year.

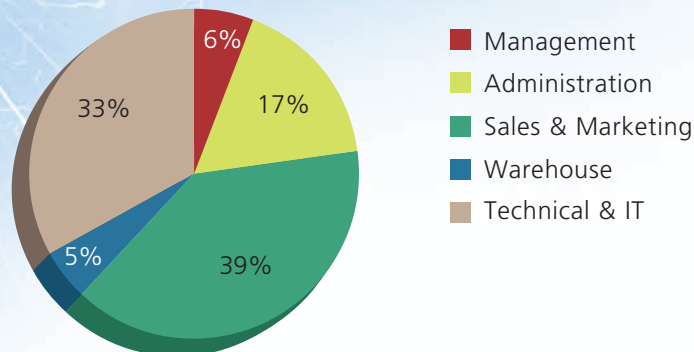
As at 31 December 2016, the total number and distribution of employees within the Group are as follows:

Number of employee	2016
By Gender	
Male	64
Female	36
By Age Group	
Below 30	30
30 to 50	67
Over 50	3
By Region	
The PRC	85
Hong Kong	15

Number of resigned employees and rate (%) of employee turnover	2016
By Gender	
Male	9 (14%)
Female	10 (28%)
By Age Group	
Below 30	9 (30%)
30 to 50	10 (15%)
Over 50	N/A
By Region	
The PRC	13 (15%)
Hong Kong	6 (40%)

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Workforce by function:



B2. Health and Safety

We are committed to providing and maintaining a safe, healthy, and hygienic workplace for all employees. The Group did not encounter any lost days caused by injury. Air purifiers were placed in work place to improve air circulation.

There were no non-compliance cases noted in relation to health and safety laws and regulations during the Year.

B3. Development and Training

We acknowledge the importance of training for the development of our employees as well as our Group. We encourage and support our employees in personal and professional training, through sponsoring training programmes, seminars, workshops and conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their jobs effectively and efficiently. Total training hours offered in 2016 was 181 hours, average 4.5 hours per trained employees. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

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As at 31 December 2016, the total training hours received by employees within the Group are as follows:

	2016
Total no. of hours of training received by employees	181
Average hours of training per employee and percentage (%) of employees who received training	
By Gender	
Male	4 (36%)
Female	5 (47%)
By Employee Category	
Senior management	3 (67%)
Middle management	2 (36%)
Junior employees	2 (39%)

B4. Labour Standards

The Group considers child and forced labour unacceptable and ought to be prevented. The Group has instituted a comprehensive screening and recruiting process to prohibit the use of child labour.

Employee work schedules are set up fairly to keep within standard working hours. All employees are provided with appropriate leave entitlements including annual leave, sick leave, marriage leave, maternity leave, paternity leave and compassionate leave etc.

There were no non-compliance cases noted in relation to labour standards laws and regulations during the Year.

B5. Supply Chain Management

Relationship is the fundamentals of business. Sound supply chain management ensures the Group to sustain its business operations and development. We have maintained strong relationships with our suppliers to meet our customer's needs in an effective and efficient manner. When selecting suppliers, the Group takes factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

Currently we procured 8 renowned brands from our major suppliers. 8% goods were supplied domestically, the remaining was supplied from the PRC and Taiwan.

B6. Product Responsibility

The Group recognizes good customer service are key to the success and sustainability of a corporation. Suppliers provide warranty on the products they supply to the Group for distribution of electronic components. Suppliers are responsible for providing or procuring the provision of in-warranty service to the end customers.

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The Group also adopts the following quality control policies on the products to be sold:

- a series of inspections upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the supplier for replacement.

During the Year, we have not received any cases of infringement of intellectual property rights. We are also not aware of any suspected cases of infringement of intellectual property rights of the products that we were distributed in 2016.

The Group is also committed to abide by the Personal Data (Privacy) Ordinance. Personal data shall be highly protected. Employees are committed not to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known.

B7. Anti-Corruption

Both the Group and its business partners are committed to upholding the highest ethics standards. Parties involved in business interaction shall prohibit each and every form of corruption, extortion, bribery, fraud, money laundering and embezzlement. The Group advocates the standards of fair transaction, advertising and competition and puts in place a confidentiality mechanism to protect the identity of suppliers and whistleblowers. No suspected enquiries or cases involving fraud were reported during 2016.

COMMUNITY

We encourage our employees to participate in social and community events and to volunteer for good causes. We will continue to shoulder the social responsibility by caring the community, employees and the environment in order to build a cohesive society.