



Hi-Level Technology Holdings Limited

揚宇科技控股有限公司

Stock Code: 8113

Environmental-
Social and
Governance Report

2017



This Annual Report is printed on environmentally friendly paper.

Environmental, Social and Governance Report

REPORTING PERIOD AND SCOPE

The board (the “**Board**”) of directors (the “**Director(s)**”) of Hi-Level Technology Holdings Limited (the “**Company**”), together with its subsidiaries, the “**Group**” or “**we**” or “**our**” or “**us**”) is pleased to present this report setting out matters relating to the environmental, social and governance (“**ESG**”) of the Group for the period from 1 January 2017 to 31 December 2017 (the “**Reporting Period**”) with reference to the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board believes that a sound 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 and panels) for consumer electronics products such as mobile internet devices, electronic learning aids, multi-media players (car infotainment system), smartphone panel modules, set-top boxes and video image devices together with the provision of IDH services to original brand manufacturers and original design manufacturers.

During the Reporting Period, the Group took necessary 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. Our internal policies are to comply all the relevant laws and regulations applicable to our operations in different jurisdictions.

Air emissions

The air emissions were mainly from vehicles (Approx.)

Nitrogen oxides	Sulphur oxides	Particulate Matter
5,201 g	128 g	626 g

Greenhouse gas emissions

Scope 1 emissions were mainly from vehicles (Approx.)

	Carbon dioxide	Methane	Nitrous oxide
CO ₂ equivalent emissions	20,622 kg	46 kg	2,993 kg

Environmental, Social and Governance Report

For Scope 2 energy indirect emission, the CO₂ equivalent emissions mainly from purchased electricity were approximately 79,017 kg. The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 102.7 tonnes. We do not report Scope 3 emissions because of lacking complete and accurate data.

Non-hazardous solid wastes, mainly the domestic and commercial wastes, generated in our offices and warehouses during our operations in the Reporting Period were amounted to about 2.7 tonnes. For hazardous electronic wastes, the Group worked with a licensed recycling company for handling the three obsolete desktop computers.

All our hazardous and non-hazardous wastes are handled according to the relevant laws and regulations.

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. We continue to request our employees to turn off lights and air conditioners when no staff is at the workplace, to unplug the appliances, computers, printers and equipment which are not in use, to maintain room temperature at 25 Celsius degree when using air conditioners during summer. As for water consumption, our staff are reminded to shut the water taps tightly after use.

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimizing 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 workplace 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.

The electricity and water consumed were mainly from the two workplaces in Hong Kong and the two workplaces from Shanghai and Shenzhen.

Use of resources	Unit	2017 (approximately)
Electricity	kWh	131,036
Electricity intensity	kWh per square meter	19.11
Water	Cubic meter	979
Water intensity	Cubic meter per square meter	0.14

Packaging materials such as plastic trays and paper wraps are used for delivering the finished goods. We tried all means to minimize the use of the packaging materials. The total packaging materials used during the Reporting Period are shown as below:

Plastic	215 kg
Paper	30 kg

Environmental, Social and Governance Report

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. Our management also closely monitors the utilities consumption in different offices and encourages employees to work together to reduce utilities consumption.

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.

There was no material change in 2017 as compared to 2016. As at 31 December 2017, the total number and distribution of employees within the Group are as follows:

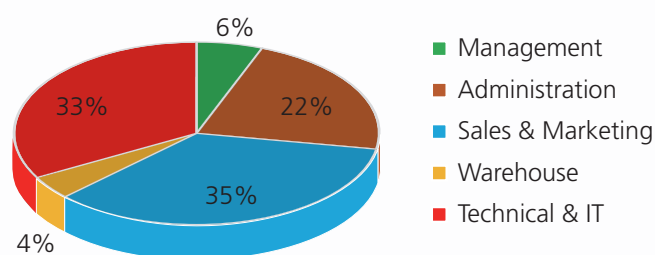
Number of employee	2017	2016
By Gender		
Male	65	64
Female	35	36
By Age Group		
Below 30	23	30
30 to 50	73	67
Over 50	4	3
By Region		
PRC	85	85
Hong Kong	15	15

Environmental, Social and Governance Report

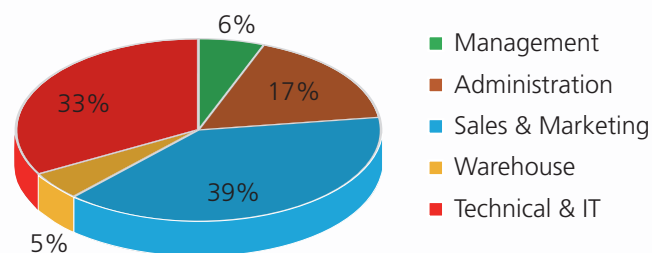
Number of resigned employees and rate (%) of employee turnover	2017	2016
By Gender		
Male	11 (17%)	9 (14%)
Female	7 (20%)	10 (28%)
By Age Group		
Below 30	8 (35%)	9 (30%)
30 to 50	10 (14%)	10 (15%)
Over 50	N/A	N/A
By Region		
PRC	14 (16%)	13 (15%)
Hong Kong	4 (27%)	6 (40%)

Workforce by function:

2017



2016



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 workplace to improve air circulation.

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

Environmental, Social and Governance Report

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 2017 was 210 hours, average 3.4 hours per trained employees (2016: 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.

As at 31 December 2017, the total training hours received by employees within the Group are as follows:

	2017	2016
Total no. of hours of training received by employees	210	181
Average hours of training per employee and percentage (%) of employees who received training		
By Gender		
Male	4 (55%)	4 (36%)
Female	3 (71%)	5 (47%)
By Employee Category		
Senior management	7 (67%)	3 (67%)
Middle management	4 (78%)	2 (36%)
Junior employees	3 (57%)	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.

Environmental, Social and Governance Report

Currently we procured 10 (2016: 8) renowned brands from our major suppliers. 16% goods (2016: 8%) were supplied domestically, the remaining was supplied from the PRC and Taiwan.

B6. Product Responsibility

The Group recognizes good customer service is the 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.

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 2017.

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 2017.

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.