

# China Display Optoelectronics Technology Holdings Limited

華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)



Environmental,  
Social, and  
Governance Report

→→→ **2023**



# Contents

01

## CHAIRMAN'S STATEMENT

05

## ENVIRONMENTAL REPORT

- 5.1 Energy and Resources Conservation
- 5.2 Emissions Reduction
- 5.3 Impact of Climate Change

02

## ABOUT THE REPORT

- 2.1 Statement of the Board
- 2.2 Reporting Scope
- 2.3 Basis of Preparation
- 2.4 Comments and Response

06

## EMPLOYEE REPORT

- 6.1 Health and Safety
- 6.2 Employment
- 6.3 Development and Training
- 6.4 Employee Care and Communication

03

## ABOUT THE GROUP

- 3.1 Corporate Profile
- 3.2 Corporate Governance
- 3.3 Communication with Stakeholders and Analysis of Material Issues

07

## INTEGRITY REPORT

- 7.1 Integrity Policy
- 7.2 Whistle-Blowing Policy

04

## CORPORATE OPERATION

- 4.1 Social Responsibility
- 4.2 Technology Innovation
- 4.3 Market and Customers
- 4.4 Quality Control
- 4.5 Supply Chain Management
- 4.6 Managing Environmental and Social Risks in the Supply Chain

08

## SOCIAL WELFARE EVENTS

09

## CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF THE STOCK EXCHANGE

- 9.1 Mandatory Disclosure Requirements
- 9.2 "Comply or Explain" Provisions
- 9.3 Summary of ESG Performance Indicators

# 01 Chairman's Statement



In 2023, the world emerged from the shadow of the pandemic, yet the global economic recovery remained sluggish. The trend towards economic globalization shifted towards regionalization and localization. Concurrently, geopolitical conflicts further increased supply chain risks. In the face of these severe internal and external challenges, our Group advanced through adversity, maintaining a spirited determination to excel, with our corporate finances remaining robust.

During the Review Period, the Group strictly abided by applicable national laws and regulations on environmental protection, fire safety and employment, refined administrative systems, and vigorously conducted energy conservation and emission reduction activities in a socially responsible manner. The Labour Union and the Human Resource Department organized a number of activities to provide care for employees and give back to the community so as to foster harmony between the Group and its stakeholders. In terms of production, The Group has invested in automated production equipment and relocated its production lines to the smart factory with new display modules in Chenjiang, Huizhou, in order to increase production-related accuracy and reduce the waste of time, materials and labor costs. Meanwhile, the Group's advantages in technology and scale economy can be strengthened. In the long term, the Group will continue to strengthen its competitive advantages and infrastructure, further consolidate its partnerships with top brand customers, continue to pay close attention to the recent development of the market, and seize market opportunities through horizontal expansion of its business, striving to maintain a balance between sales growth and healthy development.

The Group will stay committed to fulfilling its environmental and social responsibility and better reward our stakeholders.

**LIAO Qian**

*Chairman*

Hong Kong, 17 April 2024



## 2.1 STATEMENT OF THE BOARD

The board (the “Board”) of directors (the “Directors”) of China Display Optoelectronics Technology Holdings Limited (the “Company”, together with its subsidiaries, the “Group”), holds the overall responsibility for the Group’s environmental, social and governance (“ESG”) issues and acknowledges its responsibility to ensure the truthfulness of this ESG report and to the best of its knowledge, this report has disclosed material issues, and gives a fair view of the Group’s performance in ESG aspects and the relevant impact. The Board is accountable for examining and approving the Group’s ESG management approach, strategies, policies, objectives, goals and targets, and priorities, ensuring the effectiveness for the Group’s ESG risk management and the internal control systems and reviewing the Group’s performance periodically against ESG-related goals. This report has been reviewed and approved by the Board.

### Governance

The sustainability committee of the Group (the “Sustainability Committee”) comprises the Group’s chairman, chief executive officer and Directors and is responsible for evaluating, prioritizing and managing material ESG-related issues and risks to the business of the Group, and report to the Board regularly as and when appropriate. In addition, the Group has also established a sustainability working group which includes senior managers of relevant business functions and is responsible for collating ESG data and carrying out relevant ESG work. The sustainability working group will regularly update the Sustainability Committee on ESG-related work.

The Group has always incorporated corporate social responsibilities in its corporate strategies and operations. To ensure compliance with its social responsibilities and obligations in respect of sustainable development, the Group integrates ESG objectives into its business strategies. In response to the call of the “Dual-Carbon Strategy” of the People’s Republic of China (the “PRC”), the Group has formulated its ESG strategies in accordance with the “No. 14 – Social Responsibility of the Specific Rules for Internal Control” of TCL Technology Group Corporation (the ultimate controlling shareholder of the Company, hereinafter “TCL Technology”), covering organizational governance, employment promotion and employee rights protection, health and safety, environmental protection, fair operation, consumer relations, community engagement and development, carbon peaking, carbon neutrality and common prosperity.



## About the Report

The Group sets targets and indicators for different ESG aspects to reduce the impact to the environment caused by the business activities of the Group. The Group's ESG targets and indicators are set in relation to its business. Based on the Group's total sales volume and operating conditions, the Group has set targets for different departments in various aspects such as corporate governance, product quality, environmental emission reduction, employee health and safety, and training in strict compliance with the laws and regulations, and evaluates the progress of each department. Through on-site audits, online monitoring and other methods, the sustainability working group monitors ESG risks, identifies and reports risk items, and facilitates business rectification. The Sustainability Committee of the Group regularly reviews the progress of ESG-related goals and reports to the Board.

### 2.2 REPORTING SCOPE

The ESG reports of the Company are published on an annual basis and the reporting period of this report covers the financial year of 2023 (i.e. from 1 January 2023 to 31 December 2023, hereinafter the "Review Period"). The policies and data mentioned in this report cover the Group and substantially all of its subsidiaries, including China Display Optoelectronics Technology (Huizhou) Co., Ltd. ("CDOT Huizhou") and Huizhou Kedate Zhixian Technology Company Limited\* (惠州科達特智顯科技有限公司, hereinafter "Kedate Zhixian"), the principal place of business of which was Huizhou, PRC, where major economic activities of the Group were carried out. This report aims to provide a balanced reflection of the Group's environmental, social and governance performance concerning the environment, workplace, supply chain management, product responsibility and community, and in particular the ESG affairs that may have had a significant influence on the sustainability of the Group's business operations and which are of concern to all stakeholders. The reporting scope of this report is substantially the same as that of the 2022 ESG report of the Company.

The operating branches of the Group located in other places such as Hong Kong, which mainly provide business support operations, are not covered in this report as their economic activities did not have any significant impact in the social and environmental aspects.

## 2.3 BASIS OF PREPARATION

The 2023 ESG report of the Group is prepared in accordance with the disclosure requirements set out in the Environmental, Social and Governance Reporting Guide (the “Guide”) in Appendix C2 to the listing rules (“Listing Rules”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) to reflect the Group’s performance in environmental, social and governance responsibilities in a truthful manner.

This report was prepared by the Board and senior management of the Group who are responsible for key functions of the Group. They have assisted the Group in reviewing its operations, identifying key ESG issues and assessing their importance to its business and stakeholders. A materiality assessment has been conducted to identify ESG factors that have the most significant impact on the Company’s business and its stakeholders.

The Group adopts the following reporting principles in the preparation of this ESG report:

### Materiality

The Group identifies ESG issues and factors based on the impacts on the society and the environment, the degree of concern of stakeholders, industry conditions and the Group’s characteristics. Material issues that have a significant impact on the Group’s development and on stakeholders are categorized into six aspects, namely corporate governance, products and services, environment, supply chain management, employees, and communities. The details of significant stakeholders identified and the process and results of the stakeholder engagement are disclosed in the Section 3.3 “Communication with Stakeholders and Analysis of Material Issues” of this report.

### Quantitative

The Group has established ESG key performance indicators in accordance with the Guide. Relevant data on emissions and/or energy consumption is monitored and recorded by various departments on a daily basis using instruments and meters, collected by persons in charge of the Group’s ESG management through regular collation, verification, calculation and analysis, and then integrated and reviewed by the Group’s sustainability working group. Information on the standards, methodologies, assumptions and/or calculation tools used, and sources of conversion factors used, for the reporting of emissions and/or energy consumption, where applicable, is appropriately disclosed in this report.

### Consistency

The collation methodology of the key performance indicators in this report is consistent with that disclosed in the ESG Reports in the past three years. No changes have been made other than those described in Section 2.2 “Reporting Scope” of this report.

This report is prepared in Chinese and translated into English. In the event of any inconsistency or conflict between the Chinese version and the English version, the Chinese version shall prevail. To protect the environment, printed copies will only be provided upon specific request.

## 2.4 COMMENTS AND RESPONSE

We welcome suggestions from stakeholders on the management strategy and performance of the Group in promoting sustainable development. You may contact us via:

Tel: (852) 2437 7610

Email: [ir.cdot@tcl.com](mailto:ir.cdot@tcl.com)



## 03 About the Group

### 3.1 CORPORATE PROFILE

Founded in August 2004, the Group is one of the key suppliers of small and medium-sized display modules in the PRC, and is primarily engaged in the research and development (“R&D”), manufacturing, sale and distribution of liquid-crystal display (“LCD”) modules mainly for terminal use. In August 2022, we acquired Kedate Zhixian, which mainly engaged in the development, manufacture and sales of smart control system and devices. The Group has factories in Mainland China and distributes its products in Asia, with Hong Kong and Mainland China as its main markets.

### 3.2 CORPORATE GOVERNANCE

#### Governance Structure

The Board, which is the governing body of the Company, endeavours to maintain sound corporate governance and business practices upholding the mission of developing into a leading LCD module enterprise. There are three special committees under the Board, namely the audit committee (“Audit Committee”), the remuneration committee (“Remuneration Committee”) and the nomination committee (“Nomination Committee”). The Board is responsible for formulating business plans, long-term strategies and business development objectives of the Group. Matters relating to professional expertise are first considered by the special committees before being submitted to the Board for consideration in accordance with their respective terms of reference.

#### Corporate Governance

As at the date of this report, the Board comprises 7 Directors, all possessing professional background and/or extensive professional expertise specifically required to supervise and monitor the Group’s strategy. The Board, headed by its chairman, sets the business policy of the Company. The Board is responsible for maintaining proper corporate governance, formulating the long-term strategy of the Company, setting business development objectives, assessing the effectiveness of management policies, monitoring the performance of the management and ensuring the effective implementation of risk management measures on a regular basis. Directors meet regularly to review the Group’s financial and operational performance and to discuss and formulate future development plans.

During the Review Period and as at the date of this report, the composition of the Board is detailed as follows:

**Non-Executive Director**

Mr. LIAO Qian (Chairman)

**Executive Directors**

Mr. OUYANG Hongping (Chief Executive Officer)

Mr. WEN Xianzhen

Mr. XI Wenbo (appointed on 2 June 2023)

Mr. ZHANG Feng (resigned on 2 June 2023)

**Independent Non-Executive Directors**

Ms. HSU Wai Man Helen

Mr. LI Yang

Mr. XU Yan

Regular Board meetings are attended by a majority of Directors either in person or by other means of electronic communication. During the Review Period, the Board held 4 regular meetings and 4 additional meetings. During the Review Period, the Company held 2 general meetings. Work on corporate governance functions completed by the Board in 2023 included the following:

- Review the Company's corporate governance policies and practices;
- Review and monitor the training and continuing professional development of Directors and senior management personnel;
- Review and monitor the Company's policies and practices regarding compliance with legal and regulatory requirements;
- Review and monitor codes of conduct for employees and Directors; and
- Review the Company's compliance with the corporate governance code as set out in Appendix 14 to the Listing Rules and disclosure in corporate governance reports.

The Board is responsible for ensuring that the Group has in place and maintains appropriate and effective internal control and risk management systems. The Group has adopted a set of internal control policies and procedures for risk management to ensure asset security and guarantee the safekeeping of accounting records and the credibility of financial reports, so as to ensure compliance with relevant laws and regulations. For more details on the corporate governance of the Group, please refer to the 2023 Annual Report of the Company.









# About the Group

## 3.3 COMMUNICATION WITH STAKEHOLDERS AND ANALYSIS OF MATERIAL ISSUES

### Communication with Stakeholders

The Group has a wide range of stakeholders, including governments, customers, shareholders/investors, employees, suppliers and communities. The Group maintains two-way communication with stakeholders through channels such as financial reports, ESG reports, surveys, regular dialogue and meetings. Details are set out in the table below:

Stakeholders	Major concerns	Major management measures	Communication methods
 <b>Governments</b>	Compliance with laws and regulations and performance of social responsibilities, etc.	Establish the Management Process of Laws and Regulations Identification and Compliance Evaluation, and regularly identify and evaluate compliance with laws and regulations on an annual basis.	Regular visits, exposition of policies of the government and regulatory agencies, meetings, documents, review, information disclosure on various channels
 <b>Customers</b>	Quality, delivery, service, and fulfillment of social responsibility	Establish corresponding management system, set up assessment indicators, and meet customer requirements.	Approval, training, customer satisfaction survey and daily communication
 <b>Shareholders Investors</b>	Business performance, risk management and social responsibility	Enhance operating transparency, formulate long-term and short-term business plans and important measures, disassemble indicators to departments and posts, and assign specific tasks to specific personnel to achieve business performance.	Information disclosure, general meetings, results announcement conference, investor meetings and industry conferences
 <b>Employees</b>	Safety, career development path, and employee benefits and compensation	Provide market-competitive compensation, benefit, learning and promotion opportunities, manage occupational health and fire safety according to the requirements of laws and regulations, implement safety contract responsibility system, and establish the Safety Committee Office (the "Safety Committee Office") and System Department to audit execution effects.	Employee communication meetings, opinion collection box, social media, hotline and mailbox
 <b>Suppliers</b>	Long-term cooperation and create win-win situation through cooperation	Establish strategic cooperation with suppliers, common progress, transparency, good faith cooperation and share benefits.	Training, audit, regular supplier meetings, job meetings, day-to-day communication and periodic assessment
 <b>Communities</b>	Pollution discharge, promote local development and care for the community	Establish an environmental management system to prevent, control and monitor the discharge of wastewater, waste gas, solid waste and noise, which must meet the discharge standards; and organize volunteering and encourage employees to participate.	Encourage employees to participate in volunteer activities, charity events and day-to-day communication

## ESG Significant Issues

We aim to understand and address ESG issues that have the greatest significance to stakeholders and the Group. The Group's most concerned ESG issues are as follows:

Most concerned issue	Category	Corporate management indicator	Performance
Integrity and compliance in operations	Corporate Governance	Number of complaints about non-compliance	0
Occupational health	Health and Safety	Number of cases of occupational diseases	0
Production safety management	Health and Safety	(i) Number of serious casualties (ii) Minor injury rate <sup>1</sup>	(i) 0 (ii) 0%
Protection of intellectual property rights	Product responsibility	Number of patents granted	27
Quality control	Product responsibility	Occurrence rate of product safety accidents <sup>2</sup>	0%
Hazardous substance management	Product responsibility	Number of complaints about non-compliance with regulations of hazardous substances	0
Information security	Product responsibility	Number of serious/level I information security incidents	0
Anti-corruption	Integrity	Number of concluded legal cases of corruption	0

Notes:

- Minor injury rate = Number of work-related injury for the Review Period/Total number of employees at the end of the year*
- Occurrence rate of product safety accidents = Batches of products manufactured involving safety accidents/Total batches of products manufactured*

## 04 Corporate Operation

### 4.1 SOCIAL RESPONSIBILITY

The Group proactively fulfilled its social responsibilities and continuously optimized the management system relating to social responsibility and obtained relevant certificates, including: quality management (ISO 9001), occupational health and safety (ISO 45001), environment (ISO 14001), toxic and hazardous substances (IECQ QC 080000), energy (ISO 50001), information security (IECQ/ISO27001) and other management systems. The Group also established and implemented a social responsibility management system in accordance with the social responsibility (SA 8000: 2014) standard.

The Group attached great importance to customs creditworthiness and believed the creation of value in a compliant manner. In 2023, under the call for national reform of “delegate power; streamline administration; optimize services”, the Group strengthened its knowledge reserve in import and export customs clearance and trade security, and obtained the China AEO (Authorized Economic Operator) certificate, making it a foreign trade enterprise that meets the world customs standards.

During the Review Period, the Group did not have significant complaints or incidents relating to social responsibilities.

Certifications and reports for the Group's management systems are set out below:



**ISO 14001**



**ISO 45001**



**ISO 50001**



**ISO 9001**



**ESD S20.20**



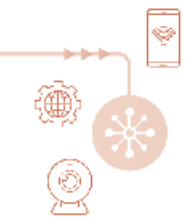
**CHINA AEO  
CERTIFICATE**



**IECQ QC080000**



**IECQ/ISO27001**



# Corporate Operation

## 4.2 TECHNOLOGY INNOVATION

### Research and Development in Technology

#### Technology Innovation

As at 31 December 2023, our product research and development team members were aged around 31 on average and boasted open-minded thinking capacity and strong comprehension ability. Specifically, 85% of the team members hold a bachelor's degree or above and approximately 63% have engaged in the industry for over 5 years, accumulating profound experience. Their technical knowledge covers mechanical, electronic, optoelectronics, information technology, software and other aspects. The Group's R&D team constantly bolstered its technical research capacity and kept abreast of cutting-edge technologies in the display device industry.

In terms of technology research, the Group has been keeping track of the needs of customers' projects, and strived to convert technical capabilities into commercial values. In 2023, the Group made breakthroughs in various key technologies, realizing the mass production of stylus-enabled tablets with hi-resolution and rapid refresh rate and successfully developing display modules with high colour gamut and high transparency. The Group's subsequent R&D will focus on the development of high mobility oxide tablets, 120Hz high frame rate solutions for amorphous silicon ("A-Si") displays and A-Si high pixel ("PPI") modules, and introduction of domestic materials.

#### Observation and Protection of intellectual property rights

The Group respects and protects intellectual property rights and formulates the Regulations on the Administration of Intellectual Property Protection in accordance with the Intellectual Property Protection Law of the PRC to clarify the relationship between intellectual property developers and managers, ownership of property rights and responsibilities, etc., and enters into relevant agreements. It standardises the management of intellectual property files, and sets access authority to such files. In addition, the Group, in accordance with the Information Security Management Procedure, classifies the intellectual properties of customers and suppliers as confidential information and has incorporated the same into the Confidentiality Agreement executed with employees to prevent disclosure. The Group follows the specific measures for internal control issued and updated by TCL Technology in July 2022 to avoid and prevent infringement of intellectual property rights and related laws from the perspectives of human resources management and information security. The Group conducts global searches on intellectual property rights used by suppliers' incoming components from time to time, and regularly evaluates the risk of the Group's technology solutions infringing intellectual property rights. The Group will create or alter its own designs when there is a high risk of infringement. During the Review Period, Group was neither an infringer nor a victim of intellectual property infringement.



## Corporate Operation

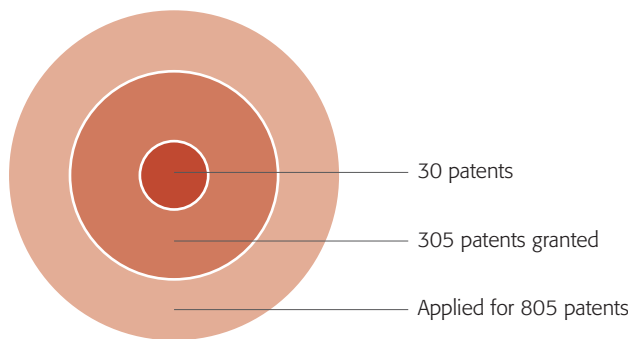
### Keeping proper record

The Group complies with the Patent Application Management System of TCL Technology and the Corporate File Management Measures issued by TCL Technology in order to keep proper record of the Company's patent and file information.

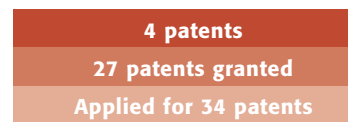
### Raising the awareness of safeguarding rights

The Group conducts intellectual property rights training from time to time for frontline product and sales staff and will provide timely feedback to the Compliance and Legal Affairs Department for evaluation and follow-up malicious intellectual property rights infringements against the Group.

#### Total number of patents obtained from 2011 to 2023



#### Number of new patents obtained in 2023



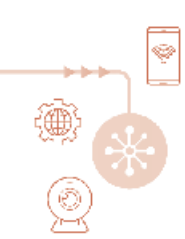
### Enhancement of Equipment Capabilities, Smart Manufacturing, and Process Technology Levels

In order to build a high-level intelligent factory, the Group's engineering and production departments are committed to promoting innovative production technologies, accelerating the popularization and application of new technologies and processes, enhancing the intelligence and automation of production, reducing consumption and pollution, and promoting the application of lean production management and control systems to improve the quality of products.

During the Review Period, the Group completed the construction and relocation of a new plan mainly for the design of the integrated production lines to achieve a full-link production model. The automation level of Group's production lines was further enhanced, with its level of equipment automation reaching 85.2%, increased by 28% year-on-year. The Group expanded its blind via hole production lines to eight, and developed the in-line blind hole production line with industry-leading innovative designs, achieving a monthly output of over 3 million units.

In terms of automated inspection, the Group introduced a series of core inspection equipment to further improve the product yield. During the Review Period, all 16 production lines adopted fully automatic inspection, including automatic testing of panels (opencell) and automatic programming test for touch components, full-automatic screen calibration, automatic screen inspection and others. The automation rate was over 90%. Meanwhile, the Group also transformed and upgraded its existing machines to process ultra-thin glass without the risks of air bubbles and blind holes, thus ensuring smooth mass production of ultra-thin and ultra-narrow products.

In 2023, the Group adopted an intelligent automated storage and retrieval system for the first time, utilising automation technology, including robots and automated navigation systems, to achieve highly automated goods storage and handling. The adoption of automated storage effectively lowered labour costs, minimized potential human errors, saved space and reduced operational costs. Moreover, the monitoring and management system of the intelligent warehouse also provided real-time data to facilitate effective monitoring and tracking of goods, demand forecast, and optimization of supply chain operations, substantially enhancing warehouse efficiency.



## Corporate Operation

In terms of equipment talent development, in 2023, the Group organised over 200 internal training sessions, held precision engineering training camps, automation training classes and digital training programs, and nurtured repair maintenance experts, continuously supplying talent to various positions.

In terms of process technology management, the Process Technology Department completed 5 technological innovation projects, 2 accessory-saving projects, 5 improvement projects for quality control circle and 4 patent projects in 2023, including:

### 1) Standardised Management Project for Auxiliary Materials

This initiative effectively reduced the width of Teflon and dust-free cloth reels (please refer to page 33 of the section headed “Environmental Report” for further details).

### 2) Blind Hole Product De-bubbling Connection Project

In terms of processes for blind hole products, the technicians introduced the in-line degassing model and adopted the innovative “in-line pre-degassing + secondary offline degassing” approach. This reduced material turnover and decreased the bubble defect rate by 60%. Product quality and production efficiency were enhanced, gaining customer recognition.

### 3) LCD Pixel Repair Project

In response to the significant loss caused by dead pixels during the production of LCD, the technicians designed jigs and tools based on the mechanism of pixel and developed validation process using the design of experiments (DOE) to facilitate pixel repair. This increased the overall yield rate, significantly reduced losses, and saved costs and labour.

### 4) New FOB Technology

The Group introduced FOB (FPC On Board) technology, which is a new technique by attaching flexible printed circuit (FPC) to printed circuit board (PCB) using reflow soldering. In 2023, the Group established a complete set of FOB technology standards, completing the final component necessary for mid-size display manufacturing. This has laid a solid foundation for the diversification and enhancement of future product lines. Moreover, the Group’s process yield rate steadily exceeding 99%, thereby improving product quality and customer satisfaction.

In addressing challenges within key customer projects, the Process Technology Department conducted technical innovation and specialized improvement projects, significantly reducing the risk of customer complaints about product quality. This effort has laid a solid foundation for the mass production of the Company’s projects, fostering significant technological competitiveness in the market.

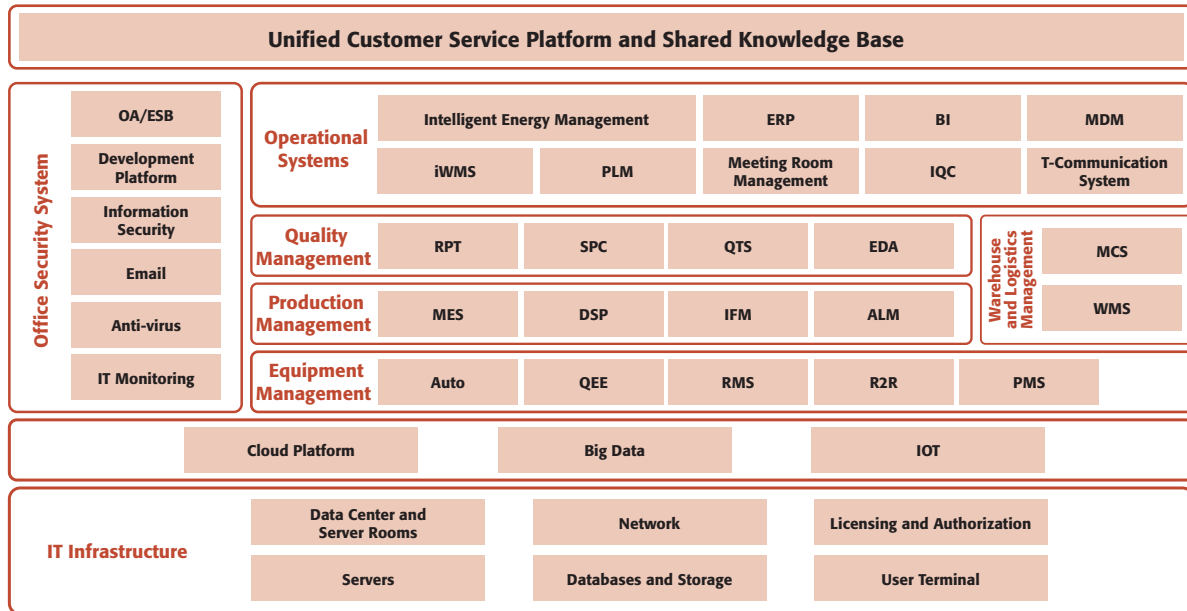
Regarding the introduction of new materials and processes, the Group transcended conventional binding limits and introduced the low-temperature, low-impedance binding technology for ultra-narrow screens. This has enhanced the process yield rate and the flexibility in the use of material resources, thus further boosting the reliability and competitiveness of our products. Furthermore, the Group has developed the FOB binding process and the application of three-sided edge-wrapping reverse processes, comprehensively enhancing our process capabilities.



# Corporate Operation

## Information Management

During the Review Period, the Group continued to improve and optimize the existing information systems. The Group further refined the IT infrastructure planning framework, as illustrated in the diagram below, with reference to the informatization construction of industry-leading companies.



In terms of other information management, the Group's Enterprise Resource Planning ("ERP"), Business Intelligence and Product Lifecycle Management ("PLM") and other systems received more than 110 requests for development and configuration (including: the integration of subsidiary organizations, optimisation of material inspection and management processes, optimisation of inventory shelf life management processes, process optimisation for changes in production model of new plant, optimisation of collaborative management process for production orders, optimisation of physical management process for sales and shipment, optimisation of fixed asset management, and optimisation of enterprise resources planning management processes); the Manufacturing Execution System ("MES") received more than 94 requests for improvement (including: optimisation of production rework processes, optimisation of mis-production management processes, optimisation of production inspection management processes, optimisation of product packaging management processes). The green product management system ("GP") has been enhanced and the second phase of the project has been launched. All of the above projects have been developed and put into service.

## Information Security Technology Management

The Group improves its information security management system from time to time. In accordance with the internal requirements for information security control, the Group has strictly implemented the corporate confidentiality policies and established monitoring measures for public disk access permissions to enhance the information security of the Group, our customers, and stakeholders. The information department of the Group has continuously optimised and improved the Company's systems to maintain efficient and stable operations, providing strong support for the Company's production safety.



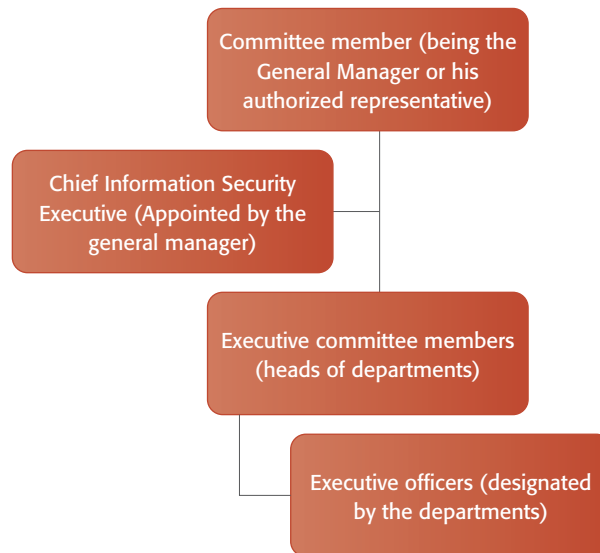


# Corporate Operation

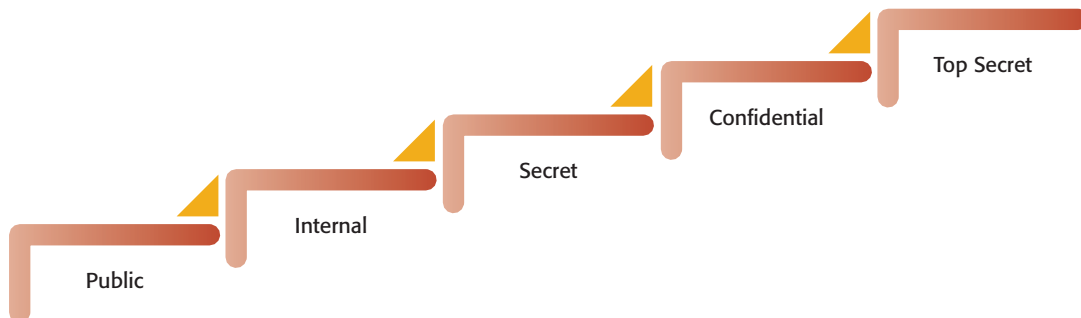
## Information Security Management System

In 2023, the Group established an information security management system in accordance with the IECQ/ISO27001 Information Security Management Standard, enabling comprehensive and systematic management of information security:

- The Group established an information security management organisational structure and the information security management committee, with the General Manager serving as the Chief Information Security Officer;



- The Group refined and enhanced the information security management system, adding and modifying 37 management documents to prevent information security risk and enhance information security management capabilities;
- The Group formulated the Business Secrets Management Procedure 《商業秘密管理程序》, classifying business secrets into five levels according to the Law of the People’s Republic of China on Guarding State Secrets 《中華人民共和國保守國家秘密法》. All documents and records are required to be marked with their respective levels. The Group shall identify its secret, confidential, and top-secret documents annually, and prepare the Information Security Confidential Document Record Asset List. Key controls are applied to secret, confidential, and top-secret documents through systems such as the outgoing mail system and outgoing document system.





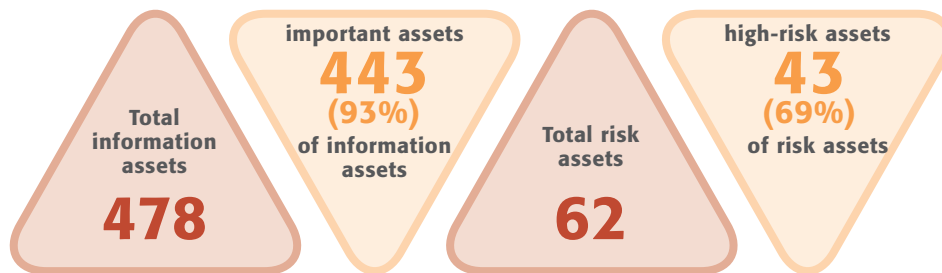
## Corporate Operation

In addition, the Group integrates the compliance requirements for business secrets into policies, processes, projects, or transactions. We promote and enforce compliance among employees through various methods, including providing written training materials and conducting internal exams.

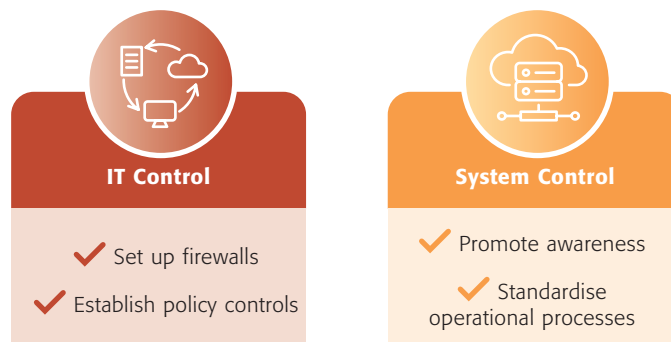
- Performance in information security management across departments is measured and assessed through specific indicators. In 2023, the Group established 10 information security management indicators, including 2 company-level and 8 department-level indicators, all of which were met.
- To enhance employee awareness of information security and to ensure they understand information security management standards and knowledge, the Group conducted 15 training sessions in 2023, including monthly and special trainings, with three sessions covering all employees.
- To assess the implementation of the information security management system, we conducted 11 internal audits on information security (including monthly special audits and comprehensive system management reviews) in 2023. All identified issues have been thoroughly addressed and improved.

### Information Asset Risk Assessment

To identify critical assets and prevent information security issues with high-risk assets, a risk assessment of the information assets across all departments of the Group was conducted in 2023. The assessment dimensions included importance, risk level and controllability. The results of the identification and the control measures for high-risk assets are as follows:



Key measures for controlling high-risk assets include:





## Corporate Operation

### 4.3 MARKET AND CUSTOMERS

In 2023, the Group, in collaboration with TCL China Star Optoelectronics Technology Co Ltd (“TCL CSOT”), achieved comprehensive business integration, which has contributed favourably to our market diversification and sales enhancement through the following factors:

1. An integrated business model would offer convenience to customers, attracting more high-quality customers and facilitating horizontal development of the Group, thereby generating additional business opportunities;
2. TCL CSOT’s LCD panel production line (t9) in Guangzhou would continue to supply LCD panels to the Group, helping to address issues related to the supply of LCD resources.

In 2023, the Group relocated to a new production plant, with production lines transitioning from the previous three-stage process to a fully integrated system, equipment automation increasing to 85% and the manufacturing control system further improved. Apart from the existing brand clients such as Transsion, Lenovo, Samsung, ByteDance and Baidu, we also attracted other top-tier brand clients, such as Tomorrow Advancing Life and Midea. In 2023, the Group obtained certifications from most of the target brand clients and completed the introduction of certain new products. We believe these achievements will lay a solid foundation for future development.

#### “Most Valuable Partner” award by Transsion, our client



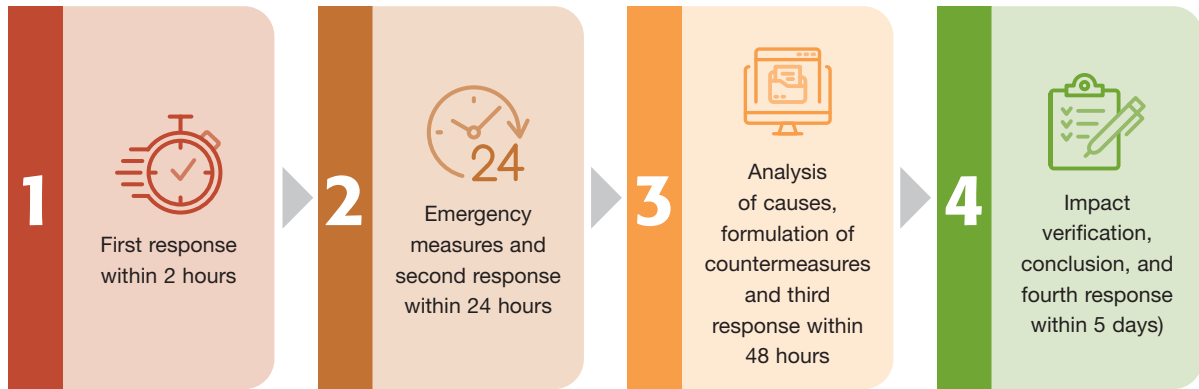
#### After-sales services for products

The Group has established a comprehensive after-sales service management process and a quality service team, and has continuously enhanced the experience and capabilities in after-sales services. During the Review Period, the Group established the Customer Emergency Communication and Joint Working Mechanism, executing and carried out pre-sales services work and preventive management vigorously. Through the standardised management of pre-sales work, the Group can identify issues and implement effective solutions at the initial stage of all new significant projects for mass production of products. For mass-produced products, the Group implements an “early warning mechanism” to ensure the quality of the products meets the standard required for the utilization on the customer end. In 2023, the customer return rate of products recorded a year-on-year decline of 30.1%.



## Corporate Operation

### The 2485 principle for processing customer complaints:



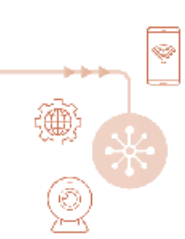
During the Review Period, the Group's customer return rate (the sum of the number of defected products shipped to customers + the number of defected products identified before shipment divided by the total number of products sold) decreased by 23% year-on-year.

#### 4.4 QUALITY CONTROL

The Group established a preventative quality management system in accordance with the ISO9001 standard, employing the five major tools of Advanced Product Quality Planning (APQP), Failure Mode and Effects Analysis (FMEA), Measurement System Analysis (MSA), Statistical Process Control (SPC), and Production Part Approval Process (PPAP) for quality management. During the Review Period, the Group benchmarked against the standards of top-tier brand customers and further optimised 176 processes to enhance the management system. In order to improve product quality, the Group took a number of measures for the quality management of new projects, components supply and manufacturing processes.

##### Quality of New Projects

Design issues often lead to mass product defects. Thus, the Group implements quality management at early stage and carries out effective quality risk management at the initiation of new projects. The project team identifies the customer's quality and technical requirements. During the design phase, the R&D team conducts design failure mode and effects analysis (DFMEA) and the process team conducts process failure mode and effects analysis (PFMEA) to identify potential quality risks caused by the design, and to formulate preventive measures to mitigate these risks. In addition, quality engineers for new products are appointed, responsible for the setting of quality objectives and reliability test plans for new projects, and organising cross-phase quality reviews.

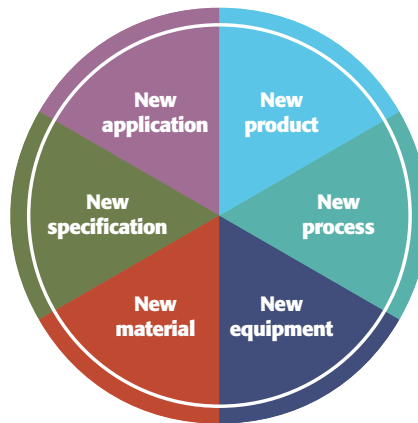


## Corporate Operation

Improvements in new product quality management in 2023 include:

- We established a management process and standards and held monthly meetings for conclusion of problem-solving experience, further improved the review and conclusion approach as well as the deliverables, and continued to refine the new Lessons Learned checklist, effectively enhancing the success rate of new product development validation.
- We refined the new product quality planning methods with specific failure mode and effects analysis (FMEA) and review processes for six new projects, and monitored the implementation progress of quality planning cases regularly, further reducing the risk and incidence rate of new product development issues.

### Six treatments for new suppliers



- We further refined the interpretation of customer requirements, and continuously optimised the hardware and methods for product reliability testing, ensuring that new product testing capabilities met the needs of product development and the quality improvement requirement of customers.

### Component Quality Management

Component quality is crucial to product quality. The Group has established a dedicated Component Quality Management Team (SQA: supplier quality control) to oversee component quality. The SQA is responsible for supplier quality audits and material quality standard planning, and overseeing component quality from the introduction of new product components to their use in production. In 2023, it completed the following key component quality system management tasks and achieved the target for the rate of defects, improving by 13.5% compared to 2022.

- **Enhance suppliers' internal control capabilities through training to prevent component quality issues**

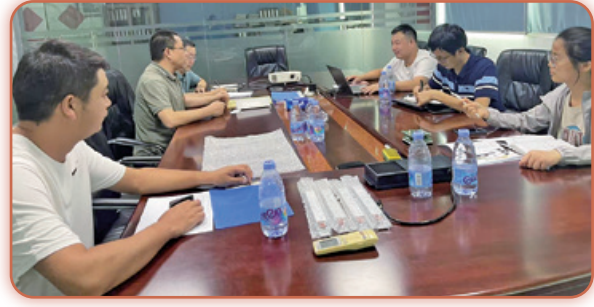
Quarterly training sessions for suppliers were conducted, focusing on the Group's policies, guidance on red-line violations, and change management training for suppliers. In 2023, there were 16 on-site training sessions at the suppliers' locations and 7 centralised training sessions were hosted at the Group where suppliers were invited to attend. In addition, monthly supplier assessments and evaluations were also conducted. The effectiveness of all trainings was reflected in the improved quality of materials delivered by the suppliers.



## Corporate Operation



▶ Supplier change management training



▶ Technical exchanges with suppliers

- **Process optimisation**

The Qualified Supplier Management Process was streamlined by implementing additional supplier quality evaluations on a monthly basis, enhancing evaluation dimensions to include red-line management, abnormal quality on the client side and new product management, and highlighting main issues in seven categories. Also, the evaluation rules were revised to better maintain supplier quality.

- **Establishment of IT-based management for abnormal materials from suppliers**

An IT system was developed for the closed-loop management of improvements of unqualified materials from suppliers to facilitate data analysis and management.

- **Automated inspection of suppliers to prevent component quality issues.**

We promoted the use of fully automatic inspection equipment for mid-size products in cutting factories to enhance inspection capabilities and minimise component quality issues.

### Process Quality Management

In 2023, process quality management was enhanced in the following aspects:

- **Developed and enhanced additional IT systems for processes to facilitate IT-based management**

- The Manufacturing Execution System (“MES”) is powerful, primarily used for manufacturing traceability and process management. It binds the main component’s serial number at the time of loading, and inputs production date, production line, inspection, repair, and other information to generate a unique product code, which allows traceability back to production inspection, suppliers, and material batches after shipment. MES process management can be used to prevent missing or incorrect processes. The Group has been using MES on some production lines since 2019, and by 2023, MES functionalities have been continuously improved with its traceability scope expanding, and 100% of the production lines covered, representing a year-on-year increase of over 50%. The traceability rate for shipped products reached 100%, reducing quality risks and enhancing customer satisfaction.
- Connected with MES, an additional automatic alarm function for process quality defects exceeding standards was adopted to prevent missed or delayed manual alarms through the system.



## Corporate Operation

- An ESD and environmental monitoring system was introduced. The system encompasses the five elements of the 4M1E method, including Manpower (wristband monitoring and ESD turnstiles), Machine (grounding monitoring system for equipment), Material (mat grounding monitoring), Method (static voltage monitoring at key positions), and Environment (cleanliness monitoring of key machines). Innovatively combined into one system and networked, it monitors the effectiveness of ESD and environmental controls through software. If any abnormality is detected, the system automatically triggers an alarm, notifying management personnel to investigate and address the issue promptly.

Production lines have been enhanced with Machine Automatic Optical Inspection (“MAOI”) equipment for 100% automatic inspection, strengthening defect detection capabilities and increasing the rate of quality defect detection.

- **Enhanced key position management**

Key positions are crucial to product quality. In 2023, led by the Human Resources Department, the Company reviewed its key positions, determined the criteria for knowledge, skills, training, and promotion related to these roles, and compiled a Key Position Chart, which was planned to be fully implemented in 2024.

- **Special management for misplacement, omissions, mixing, and compliance**

Misplacement, omissions, and mixing issues, referring to wrong materials, skipped processes, and mixed materials, are low-level quality issues that result from improper management and are entirely preventable. Customers classify these issues as red-line problems. In 2023, the Product Quality Engineers (PQEs) launched special management for these issues, establishing a management organization to identify risk points and develop control measures, checklists for misplacement, omissions, and mixing, and conducting regular audits and improvements to prevent these issues from occurring and affecting the customers.

### Quality Culture

To further enhance quality awareness, the Group organized a quality culture campaign themed “Do It Right at the First Time”, which included:

#### Training: Strengthening quality awareness

- Consensus reached by the top management were promoted to all levels, ensuring the understanding and consistent practice of the quality culture by all employees to achieve the goals. In 2023, two comprehensive quality awareness training sessions were conducted, and the “Quality Knowledge Empowerment” training was provided to 228 employees with a total of 672 hours.

#### Action: Practicing quality culture

- Conducted 15 special quality improvement projects, including 12 that concluded with Quality Control Circle (QCC) projects, generating an economic benefit of RMB12.4 million;
- Implemented improvements in 18 quality-related IT systems;
- Organised production inspection skills competitions with approximately 400 participating employees, 71 of whom received awards;

#### Incentive: Offering incentives and honours for contribution to quality

- Approximately 1,400 employees were recognised for outstanding contributions to quality throughout the year;
- Economic rewards were offered for QCC improvement projects;

- Rewards were given to the leading project and other key projects;
- Awards were granted to the outstanding quality teams and quality projects at the end of the year.



▶ Quality Culture Kick-off Meeting in May 2023



▶ Quality culture promotion at department level



▶ Quality culture promotion organized by the production line in May 2023



▶ Labor Skills Competition Awards Ceremony in June 2023



▶ A flag handed over to the leading projects by the general manager in September 2023



▶ Conference for releasing the results of QCC projects in 2023





## Corporate Operation

### Product Safety

The Group's products do not contain components affecting personal health and safety and will not lead to health and safety hazards. The product R&D department has always designed the Group's products according to the relevant standards and specifications. During the various stages such as new product development, trial production and mass production, each project team of the Group will conduct a number of reliability tests on various functions of the product, and carry out material inspection, first-batch inspection of manufacturing process, finished product inspection and shipment inspection.

The Group ensures product safety according to the internally enacted Product Recall Management Process. If any safety risks are spotted on products not yet shipped, the Group will immediately terminate the production of such products and analyse them separately for improvement. If the relevant products are already shipped, the Group will report the spotted issues to customers and recall the products.

As there is no applicable laws and regulations on module products' safety in the PRC, it will not have any significant impact on the Group. Nevertheless, in order to protect the environment and to reduce the health hazard of hazardous substances, the Group adopts the European Union's Directive on Restriction of Hazardous Substances in Electrical and Electronic Equipment ("RoHS"), the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH"), Montreal Protocol on Substances that Deplete the Ozone Layer, European Union's Persistent Organic Pollutants ("POPs") Directive and other regulatory requirements. The Group also strictly selects suppliers and controls the emission of exhaust gas and pollutants so as to avoid product health and safety issues.

During the Review Period, there was no product sold or shipped subject to recall for safety or health reasons and there was no product safety incidents relating to the Group. In terms of customer satisfaction, the Group ranked among the top in the industry.

### Advertising and Labelling

The Group complies with the Advertising Law of the PRC to handle products advertising, packaging and labelling. During the Review Period, the Group's advertising, packaging and labelling were in line with the principles of authenticity, legality and fairness.

As the Group's products are non-terminal products, they have no separate packaging and labels. According to customers' requirements, information such as product model, name and quantity will be marked on the packaging boxes of products, and environmental protection labels such as "RoHS/Halogen Free (HF)" and other marks will be affixed to meet customers' and relevant laws and regulations' requirements. If customers find that there are no specified labels on the packaging boxes for the Group's products, they may negotiate with the Group to return the products or allow the Group to re-affix relevant labels.

Meanwhile, the Group does not directly advertise to consumers. When the Group's staff introduce the products to customers, they will adhere to the principle of being honest and will not conduct false advertising. In the unlikely event of any inadvertent false advertising, the Group will communicate with customers to rectify the errors, and release statements with the correct content to clarify the advertising through appropriate media for rectification.

### Customer Privacy Protection

The Group complies with the Patent Law of the PRC, the Anti-unfair Competition Law of the PRC, Several Provisions on Prohibition of Infringements against Trade Secrets and the Intellectual Property Law of the PRC, and formulates the customer information security management system and remedy measures pursuant to such laws. The Group sets up areas of different levels of confidentiality for various customers (such as designating the design, production and storage areas for unreleased new products as super confidential zones), establishes access restrictions for customers' product production and storage areas, and limits the use of photography equipment. The Group manages customers' data, documents and files in a confidential manner to protect their privacy, intellectual property rights and trade secrets. In case of the occurrence of customer information leakage, the Group will as soon as practicable recover and delete relevant information, report to customers proactively, issue an apology to customers sincerely and negotiate subsequent handling.



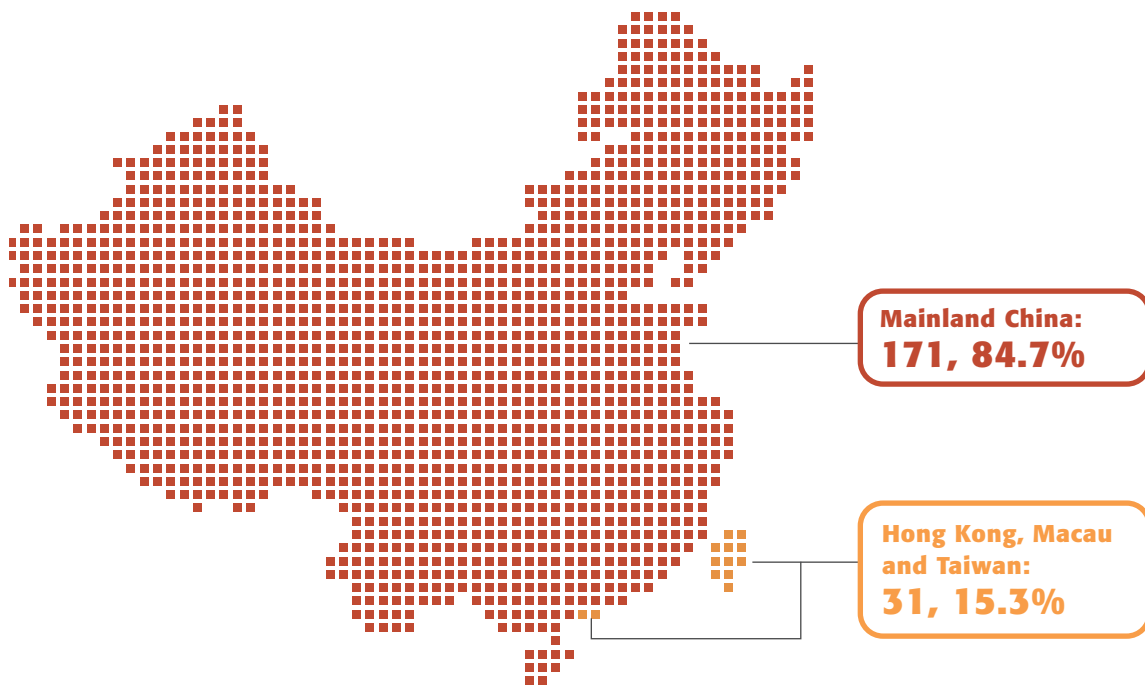
## Corporate Operation

During the Review Period, the Group did not record any incidents relating to customer information leakage. The Internal Control Department of the Group will regularly review the customer privacy protection policy to ensure that relevant measures are effective.

### 4.5 SUPPLY CHAIN MANAGEMENT

The supplier management philosophy of the Group is to grow together with suppliers and establish an excellent ecological supply chain. An enterprise grows bigger and stronger as the quality of its products improves. The parts provided by upstream manufacturers are the foundation of product quality. Therefore, it is necessary to help suppliers grow together and create a more secure supply chain. As at 31 December 2023, the Group had 202 suppliers in total, more than 80% of which are located in Mainland China, close to the main production bases of the Group.

#### Number of Suppliers by Geographical Distribution










In 2023, amidst a global economic downturn and a challenging market environment, end customers implemented strict price control over upstream suppliers, leading to production cuts and even closures among upstream material manufacturers. The Group, through resource strategy planning and signing supply assurance agreements, entered into strategic cooperation with key upstream component and material manufacturers to ensure the stable supply of materials during the year. During the Review Period, cost reduction was the main theme. The Group actively followed market prices and engaged in in-depth communications and negotiations with strategic suppliers on cost reduction plans, successfully achieving the cost reduction targets of the Group.

#### Supplier engagement practices

The Group has a strict standard and sound mechanism in selecting and engaging suppliers. In 2023, the Group further optimised the internally enacted Management Procedure for the Development and Engagement of New Suppliers to strictly manage the qualification and information of suppliers, effectively reducing the risk of introducing unqualified suppliers (as detailed in the "Flow chart for procedure of engaging for new suppliers" below).

## Flow chart for procedure of engaging for new suppliers

Process node	Work content	Responsible department
 <p><b>Market information survey</b></p>	<p>Investigate information such as suppliers' production capacity, technical capability, customer base, capital, tax payment information, etc. through market researches;</p> <p>Determine whether the potential supplier is qualified;</p>	<p>Resource Development Department, Quality Control Department, Product Development Department, Process Technology Department, Equipment Department and Finance Department</p>
 <p><b>Put forward the development needs for new suppliers</b></p>	<p>Apply for the entry of internal demands;</p>	<p>Resource Development Department</p>
 <p><b>Plant on-site audit</b></p>	<p>Visit potential suppliers' plants for audits;</p> <p>Examine all aspects of the supplier's capability through a Quality System Audit and/or Quality Process Audit and provide an audit report;</p> <p>Assess whether the potential supplier's plant is qualified;</p>	<p>Resource Development Department, Process Technology Department, Equipment Department, Software Quality Assurance ("SQA") Office of Quality Control Department, Product Development Department and Finance Department</p>
 <p><b>Sign an agreement</b></p>	<p>Arrangements for the signing of procurement framework agreement, quality agreement, etc. between the parties;</p> <p>Ensure the cooperation with supplier meets the Group's requirements;</p>	<p>Resource Development Department, SQA Office of Quality Control Department</p>
 <p><b>Sample acquisition and validation</b></p>	<p>Request samples from potential suppliers;</p> <p>Testing and validation of samples and/or new materials;</p> <p>Confirm that the products meet the requirements of the Group;</p>	<p>Process Technology Department, Equipment Department, SQA Office of Quality Control Department, Product Development Department</p>
 <p><b>Sign the supplier confirmation</b></p>	<p>Sign audit reports, agreements, etc.;</p> <p>Sign the supplier confirmation, apply for the supplier code and submit it to the management for approval;</p>	<p>Resource Development Department, Process Technology Department, Equipment Department, Quality Control Department, Product Development Department and Finance Department</p>
 <p><b>Entry of qualified suppliers into the system</b></p>	<p>Qualified suppliers will be included in the Group's list of qualified suppliers;</p> <p>Generate a supplier code for future use.</p>	<p>Document Control Unit of the Quality Control Department and Resource Development Department</p>

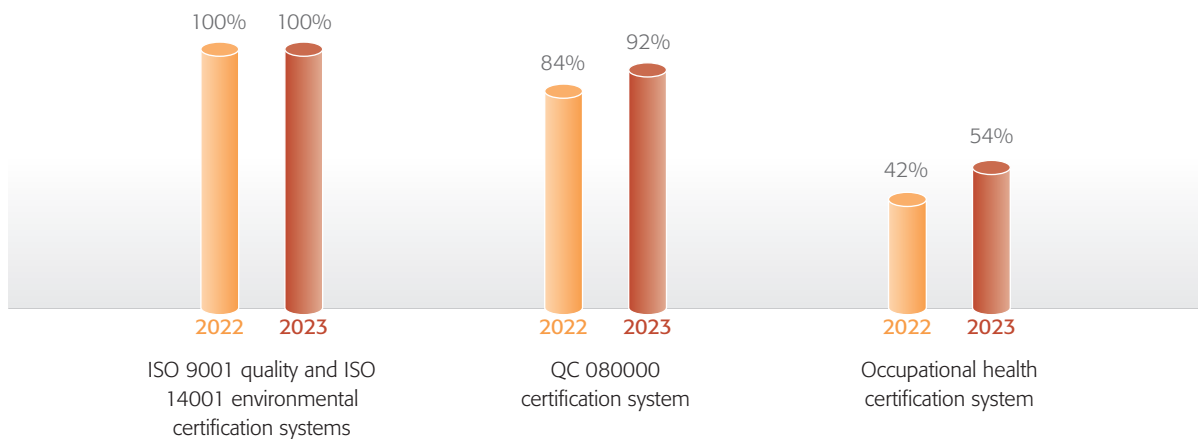


## Corporate Operation

After the suppliers are confirmed to be qualified, the supplier audit team will audit the suppliers according to the laws, regulations and system standards currently in force, on factors such as R&D, technology, quality, service and financial position, as well as the fulfillment of environmental and social responsibility and geographical location of the suppliers, so as to give due regards to the impact on society and environment.

Materials that have a significant impact on the quality of the products are considered key materials, and suppliers of key materials are listed as key suppliers to facilitate the management by the Group. The Group sets basic thresholds for key suppliers, and relevant companies are required to meet specific requirements to become qualified suppliers. During the Review Period, all engagement of new suppliers by the Group complied with the internal Management Procedure for the Development and Engagement of New Suppliers.

### Passing rate of key suppliers in terms of certification



In terms of supplier management, the Group has established an excellent supplier quality management team to help suppliers improve their capabilities by providing guidance to them. In 2023, as customers continued to upgrade their products and demanded more and more high-end products, suppliers' automated manufacturing process production and inspection capabilities have been greatly enhanced. The Group updated the procedures for inspection of raw materials of components and related standards, and continuously promoted and assisted suppliers to carry out quality improvement activities, so as to improve the quality of components and enhance the competitiveness of products. The Supplier Engagement Review Committee of the Group will monitor the effectiveness of the supplier engagement policy from time to time.





During the Review Period, the Group conducted 131 counselling sessions, with the aim to improving the management level of suppliers, and to ensure fulfilment of social responsibilities by the suppliers.

Moreover, in order to promote the coordination of production, supply and marketing, the Group transformed from mass production procurement function to Production Material Control department, so as to horizontally bridge order plan, material plan, production plan and shipment plan to form an interconnected plan, which promoted the rapid turnover of inventory, contributed to timely procurement, and reduced the non-operational working hours and energy waste caused by insufficient materials.

## 4.6 MANAGING ENVIRONMENTAL AND SOCIAL RISKS IN THE SUPPLY CHAIN

The Group is committed to the management principle of green and responsible production and compliance with relevant environmental and social regulations. It conducts toxic and hazardous substances management and actively monitors, identifies and manages environmental and social risks along its supply chain through the internally enacted Toxic and Hazardous Substance Management System, Risk and Opportunity Management Procedures, Stakeholder Management Procedures, Code of Conduct for TCL Partners and other internal regulations. Meanwhile, the Group continues to promote green procurement and avoid the use of conflict minerals to further reduce the environmental and social risks arising from the supply chain. In addition, the SQA Office of the Group's Quality Control Department and environmental system engineers will monitor the policies' effectiveness of the management of environmental and social risks in the supply chain from time to time through materials monitoring and system review. Specific audit rules are as follows:

### Supplier audit rules

Grade	Performance	Treatment for new suppliers	Treatment for qualified suppliers
	<b>Excellent</b>	Directly approved. Review identified issues, and respond to improvement reports.	Procure in bulk, review identified issues, and respond to improvement reports.
	<b>Qualified</b>	Approved. Review identified issues, respond to improvement reports, conduct a re-audit within one month from the report and confirm resolution of on-site issue.	Continue procurement, review identified issues, and respond to improvement reports.
	<b>Conditionally qualified</b>	Disapproved in principle. Review identified issues, and respond to improvement reports. The demanding department of the Company may apply for limited procurement should the needs arise for a term of no more than six months. Re-audit will be conducted during the limited procurement period and such suppliers will only be admitted as qualified suppliers if they get a B Grade or above in the re-audit.	Limit procurement, suspend new projects, review identified issues, respond to improvement reports, and conduct a re-audit within one month. The Group will resume procurement only when the re-audit results reach Grade B or above.
	<b>Unqualified</b>	Disapproved and disqualified for reassessment within two years.	Disqualified as suppliers.

### Toxic and hazardous substances management

The Group adopts the following measures to ensure that its products are free from toxic and hazardous substances:

1. Control from the source of procurement, review the composition during material sourcing, and select materials that meet standards;
2. Request third-party testing reports from suppliers to confirm the composition of raw materials, and implement IT-based management of the submission from suppliers to facilitate systematic upload, approval, and automatic verification of suppliers' data;
3. Collect and adopt customers' standards and relevant laws and regulations on a quarterly basis. Carry out X-ray fluorescence (XRF) spectrometer testing on raw materials, or send them for external testing, to ensure that raw materials comply with the Toxic and Hazardous Substances Control Standards, so as to meet the requirements of customers and the Group on refraining from using toxic and hazardous substances, and to ensure compliance with laws and regulations.



## Corporate Operation

The Group's toxic and hazardous substance management indicators were assigned to corresponding functional departments and relevant production processes for monthly statistical assessment, to ensure the effective operation of the toxic and hazardous substance system. The key monitoring processes include standard management of toxic and hazardous substances, management over new materials, new projects and new equipment, R&D and design management, suppliers management, incoming raw materials management, process management, finished products management and products change management.

During the Review Period, the Group passed the examination of toxic and hazardous substances management systems by all customers, and did not record any cases of excessive toxic and hazardous substances.

### Green Procurement

The Group is committed to the concept of green procurement under sustainable development. To reduce the environmental impact of suppliers, the Group encourage them to use more environmentally friendly products and services. The Group requires its business partners to comply with the standards set out in IECQ QC 080000: 2017 Toxic and Hazardous Substance Management System and the requirements of laws and regulations. Suppliers are required to sign the Environmental Protection Agreement and the Environmental Compliance Statement and are subject to strict review and monthly assessment (as shown in the table below):

#### Monthly supplier assessment rules

Grade	Performance	Procurement strategy	Follow-ups
<b>A</b>	<b>Excellent</b>	Continue procurement and may increase procurement amount at discretion.	Notify the suppliers and no improvement report is required.
<b>B</b>	<b>Qualified</b>	Continue procurement.	Notify the suppliers and no improvement report is required.
<b>C</b>	<b>Conditionally qualified</b>	Issue warning. Personnel with grades at quality control director or above are required to set up a team to review and make improvements. Reduce procurement amount. Suppliers who get Grade C for three times in six consecutive months will be automatically downgraded to Grade D.	Notify the suppliers and require improvement and review.
<b>D</b>	<b>Unqualified</b>	Disqualify as suppliers and terminate procurement.	Disqualify as suppliers.

### Conflict Minerals

In recent years, mines controlled by armed forces in conflict areas are often associated with severe human rights violations and environmental pollution during the mining process, and provide financial support for armed forces, enabling continued armed conflict and causing more severe humanitarian disasters. Thus, the international community is very concerned about "Conflict Minerals", i.e. the four types of metals, namely gold, tin, tungsten and tantalum (the "Minerals"), produced from armed conflict regions in Africa, which comprise the Democratic Republic of Congo and its nine neighboring countries (namely Angola, Burundi, the Central African Republic, the Republic of Congo, Rwanda, South Sudan, Tanzania, Uganda and Zambia).



## Corporate Operation

While the Group's products contain the Minerals, the Group does not procure the Minerals directly. Our suppliers purchase or use the Minerals produced from various places around the globe. As an enterprise which values its social responsibilities, the Group undertakes to neither procure nor support the use of Conflict Minerals, whether directly or indirectly.

To fulfill such undertaking, the Group follows the principles of the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas ("Due Diligence Guidance") issued by the Organisation for Economic Co-operation and Development ("OECD"), and participates in the Conflict-Free Sourcing Initiative ("CFSI") and the Due Diligence Guidance of OECD. The Company and all of its suppliers only purchase from smelters and refineries approved or certified by Conflict-Free Sourcing (CFS), the London Bullion Market Association (LBMA) or the Responsible Jewelry Industry Committee, avoid procurement and disapprove the use of any Conflict Minerals, so as to avoid negative impact on society, and pay tribute to the human rights and environment in the conflict areas.

During the Review Period, the Group conducted Conflict Minerals inquiry through the Conflict mineral report template (CMRT) and Extended Mineral Reporting Template (EMRT) with suppliers (supplying IC drivers, connectors, display panels, resistors, capacitors and diodes) whose products may contain the Conflict Minerals. All of the suppliers furnished response. The survey results showed that the Minerals in the raw materials of the Group were purchased from qualified CFSI smelters and met the supply standards of the Group.

During the Review Period, the Group did not receive any complaints about toxic and hazardous substances.



### MANAGEMENT POLICY ON CONFLICT MINERALS

1. Suppliers are required to formulate conflict minerals policies that comply with OECD's Due Diligence Guidance, and disseminate such policies to all their suppliers.
2. Suppliers shall ensure that all the products and/or the packaging material thereof delivered to the Company are free from Conflict Minerals, and sign the Declaration of Non-use of Conflict Minerals.
3. Suppliers shall earnestly investigate the supply chain, identify and trace the sources of the Minerals, ensure the legality of sources of raw material, and truthfully fill out and reply to CMRT questionnaires or other materials.



CMRT is the Conflict Minerals Reporting Template issued by the Responsible Minerals Initiative.



## SOCIAL RISKS OF SUPPLIERS

Suppliers are required to fulfill their social responsibilities. Upon the introduction of new suppliers, they are required to sign a Stakeholder Commitment Letter, which sets out commitments regarding labour employment, working hours, ethics, environment, safety, information security, intellectual property rights, and other aspects. In particular, the ten red lines of social responsibility are as follows:

- 1) All forms of child labor are prohibited;
- 2) The use of prison labor and forced labor shall be prohibited, and no prisons shall be engaged as suppliers or subcontractors. Restricting personal freedom or withholding identity documents are also prohibited;
- 3) No use of violence, abuse, corporal punishment, or sexual harassment, illegal searches or opposite-sex searches shall be allowed.
- 4) Prohibition of paying employees less than the local minimum wage standard;
- 5) Prevention measures shall be taken to eliminate any major fire and explosion accidents;
- 6) The working conditions shall not jeopardize production safety or health, and fatal accidents at work sites shall be prevented;
- 7) Illegal discharge of toxic and harmful pollutants, including wastewater, exhaust gas, and waste slag, shall be prohibited;
- 8) Measures shall be taken to prevent any media crisis and serious negative group incidents, including abnormal deaths, collective labor disputes, group fights, collective poisoning, or other mass casualty events;
- 9) The Group shall provide a safe and healthy working environment, and take effective measures to prevent potential health and safety accidents, and prevent diseases occurring or caused during the work process, such as collective infections caused by epidemic outbreaks;
- 10) The Group shall prohibit all kinds of corruption and dishonesty adhering to the principle of "six prohibitions and one observance" which stipulates that bribery, gifting, nepotism, deception, jerry-building, and commercial fraud are prohibited and promises shall be kept.

In 2023, the Group strengthened its supervision and conducted audit on key material suppliers regarding their social responsibilities pursuant to the internal Assessment Procedures for the Development and Introduction of New Suppliers:



### AUDIT TARGETS

Key material manufacturers and suppliers newly introduced

Key material manufacturers with an annual transaction volume of 500K (every three years)



# Corporate Operation



## AUDIT CONTENT

The audit primarily assesses whether the following systems and their implementation comply with the laws and regulations, system standards, and other requirements, and whether there are risks of causing personal injury, environmental pollution or corporate losses.



### Determination of Audit Grade and Treatment Standards

Grade	Basis of determination	Treatment
<b>A</b>	Weighted score $\geq$ 90%, with no major issues and no serious issues	Priority in cooperation
<b>B</b>	Weighted score between 80-89% with no major issues and less than 2 serious issues	Conditional cooperation, provided that the issues must be resolved within three months
<b>C</b>	Weighted score between 70-79%, with no major issues and 2 to 6 serious issues	Conditional cooperation, provided that the issues must be resolved within three months
<b>D</b>	Weighted score $<$ 70%, with at least 1 major issue, or more than 6 serious issues	Orders shall be suspended until the condition is improved to at least grade C



# Environmental Report



## Energy

The Group attaches great importance to energy conservation and formulates energy saving targets and plans every year to achieve energy saving and carbon emission reduction through the provision of factory shuttle buses for employees, the introduction of energy saving equipment, optimisation of power supply, and automated upgrading of production line equipment to enhance their efficiency. At the same time, the Group has continuously improved and quantified the relevant systems in the course of production and operation to realise the all-round control of energy usage.

### Energy consumption

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
<b>Direct energy</b>				
Gasoline <sup>Note 1</sup>	tonne <sup>Note 2</sup>	3.44	<b>3.07</b>	-10.7%
Gasoline consumption intensity in terms of sales volume	g/unit <sup>Note 2</sup>	0.06	<b>0.06</b>	–
Diesel <sup>Note 3</sup>	tonne <sup>Note 2</sup>	–	<b>2.03</b>	–
Diesel consumption intensity in terms of sales volume	g/unit <sup>Note 2</sup>	–	<b>0.04</b>	–
<b>Indirect energy</b>				
Purchased electricity	kWh('000s)	29,382	<b>39,501</b>	+34.4%
Electricity consumption intensity in terms of sales volume	kWh/unit	0.54	<b>0.83</b>	+53.7%

Notes:

- The increase in electricity consumption intensity in terms of sales volume over the previous year was due to 1) the increase in total electricity consumption caused by equipment debugging, automation upgrade of production lines and additions of equipment as the Group relocated its manufacturing plant and both plants were in operation for a certain period during the Review Period; and 2) the decrease in total sales by 12.1% when compared with 2022.
- The Group adopted the following conversion factors sourced from the Energy Statistics Manual issued by the International Energy Agency:

<i>NRF combustible fuel</i>	<i>Litres per tonne</i>	<i>Gross calorific value (GJ per tonne)</i>
Petrol	1,350	47.1
Diesel	1,185	45.66

1 GJ = 277.778 kWh

For example: to calculate energy from 1,000 kg of gasoline: 1,000 (L) divided by 1,350(L/T) multiplied by 47.1(GJ/T) multiplied by 277.778 equals to approximately 9,691 kWh. As the amount of gasoline and diesel consumed by the Group is relatively small, for clearer disclosure, the Group used gram (g) as units of disclosure to calculate direct energy intensity in terms of sales volume.







- In 2022, the Group did not use diesel for power generation.



# Environmental Report

## Energy Saving Projects and Measures




During the Review Period, the major energy saving projects carried out by the Group and the measures taken, saving electricity of 6,938 kWh ('000s) in total, are as follows:

Equipment/locations	Description of measure	Result
 <b>Commercial vehicle</b>	Low-carbon travel.	Arranging shuttle bus services for staff, and encouraging staff to use bicycles or buses to get around and reduce the use of private cars.
 <b>Group control system for air compression station</b>	An intelligent IoT group control system was developed for the automatic adjustment of equipment loading and unloading power according to changes in demand, and high-efficiency air compression equipment and tiered gas supply were adopted to reduce waste and save electricity.	Saving 1,950 kWh('000s) of electricity.
 <b>Fan filter unit (FFU)</b>	An intelligent group control system was established to enable remote intelligent group management of approximately 5,000 FFUs in clean rooms, allowing both group and individual remote control functionalities as well as the adjustment of operational speeds. It can issue commands in real time to turn FFUs on or off, and adjust airflow speeds based on the production scheduling requirements of the production line or workshop. This ensures that the power consumption of FFUs operates at the most reasonable state, avoiding energy waste due to the delay in manually turning off idle FFUs.	Saving 3,600 kWh('000s) of electricity.
 <b>Air conditioning system</b>	Remote control system for air conditioning was used to facilitate energy-saving management by scheduling the start and stop of the vertical air conditioning units, ensuring that temperature and humidity requirements are met while avoiding wasteful operation of the air conditioning system.	Saving 480 kWh('000s) of electricity.
 <b>Workshop</b>	The lighting of workshop was reduced and adjusted. Unnecessary lights were removed given that the brightness requirements for production needs have been met. Operational control of lighting has been improved to ensure lights are turned off when people leave the area, aiming to foster a culture of energy conservation awareness among all staff.	Saving 480 kWh('000s) of electricity.
 <b>Improvement of equipment output efficiency</b>	Idle work hours were reduced and equipment output efficiency was increased by identifying equipment bottlenecks and enhancing automation level, thereby improving energy efficiency.	Saving 428 kWh('000s) of electricity.

# Environmental Report



## Energy management targets for 2024

Category	Consumption intensity target	Saving target
 <b>Gasoline</b>	Gasoline consumption intensity in terms of sales volume $\leq 0.05$ g/unit <sup>Note 1</sup>	Saving 0.01 g/unit <sup>Note 1</sup> of gasoline
 <b>Diesel</b>	Diesel consumption intensity in terms of sales volume $\leq 0.04$ g/unit <sup>Note 1</sup>	Same as last year
 <b>Purchased electricity</b>	Electricity consumption intensity in terms of sales volume $\leq 0.75$ kWh/unit	Saving $\geq 3$ million kWh of electricity

Note 1: The Group adopted the conversion factors sourced from the Energy Statistics Manual issued by the International Energy Agency (please refer to Note 2 on Page 34 for further details).



## Water resources

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
Total water consumption	tonne	221,534	<b>269,389</b>	+21.6%
Water consumption intensity in terms of sales volume	g/unit	4,087	<b>5,654</b>	+38.3%

In 2023, the Group consumed pure water for cleaning products and tap water for cleaning trays, and there was no problem in sourcing water that is fit for purpose. During the Review Period, due to the relocation of manufacturing plant, the operation of two plants and equipment debugging led to an increase in water consumption, resulting in a higher total water consumption and water consumption intensity in terms of sales volume. In terms of water-saving investments, the Group installed four water recycling systems in the new plant, increasing the wastewater recycling rate from 52.2% to 84.8%, saving a total of 176,590 tonnes of water over the year. In order to achieve its water efficiency targets, the Group regulated the production and domestic water consumption in the production facilities to reduce water wastage.



# Environmental Report

## The major measures for conserving water resources are as follows:

- 1) Strict control of water usage in workshop and production lines to prevent wastage through leaks, drips, and other means;
- 2) Construction of four water recycling systems for the reuse of recycled water as raw water for pure water production;
- 3) Recycling cooling water of the vacuum pump for use.



### Water resource management targets for 2024

Water consumption intensity in terms of sales volume  $\leq 5,371$  g/unit (i.e. decreased by 5% year-on-year).



## Packaging materials

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
Packaging materials	tonne	1,927	<b>1,890</b>	-1.9%
Intensity of packaging materials in terms of sales volume	g/unit	35.56	<b>39.67</b>	+11.6%

The Group's policy of sharing materials and conserving resources is to reduce the consumption of packaging materials through recycling and reusing. The Group has incorporated an environmentally friendly design into the packaging of its products by recycling and reusing the pallets used for packaging of components, taking advantage of the similar size of the components and the products of the Group. During the Review Period, over 98% of the pallets used in the products were reused, reducing the consumption of plastic materials and helping to protect the environment. In addition, the Group actively recycled packaging materials during the Review Period, collecting over 302 tonnes of paper boxes and 607 tonnes of plastic waste.

Tool recycling	Improved product yield to save materials	Enhanced processes to save materials
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- 520 pieces of cutting tools recycled
- 700 pieces of jigs and crucial components recycled
- 255,000 pieces of backlight units
- 183,000 pieces of panel glass
- 233,000 pieces of polarizers
- 23,000 pieces of cover glass
- 14,515 square meters of Teflon
- 21,504 square meters of dust-free cloth reels



### Packaging material management targets for 2024

Packaging material intensity in terms of sales volume  $\leq 38.9$ g/unit (i.e. decreased by 2% year-on-year)



# Environmental Report

## 5.2 EMISSIONS REDUCTION

The Group strictly complies with the relevant national laws and regulations mentioned at the beginning of this chapter and the requirements of local environmental impact assessment to reduce the discharge of wastewater, waste gas and greenhouse gas, as well as the disposal of hazardous and non-hazardous waste so as to ensure compliance with the environmental protection requirements.

The Group has continuously optimised the ISO 14001 environmental management system and established the Environmental Protection Responsibility System, Hazardous Waste Prevention Responsibility System, Hazardous Waste Standardization Management Regulations and Optimisation of Pollutant Emission Management Regulations. At the same time, the Group has established a department responsible for environmental protection management to properly handle emissions generated in the production process, and set emission targets to minimize the impact of waste emissions on the local environment and the health of personnel. In addition, the Group regularly commissions qualified independent third-party organizations to conduct professional tests on emissions (including wastewater, waste gas and waste production) and emission volume to ensure compliance with national standards.

In 2023, the Group invested approximately RMB5.58 million in building new environmental protection facilities and approximately RMB1.08 million in environmental protection management. Along with a sound emissions system and regime, the Group focused on education, training and supervision of green culture. The Group also carried out activities to promote environmental protection and energy conservation, in an effort to raise employees' awareness on environmental protection and energy conservation, so that they can understand the impact of their work on the environment, as well as the risks and consequences of non-compliance with laws, regulations and related systems. Through the above policies, the Group promoted "green and low-carbon" production and lifestyle, and reduce the generation of pollutants from the source.



### Industrial wastewater

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
Industrial wastewater	tonne	23,893	<b>24,410</b>	+2.2%
Industrial wastewater discharge intensity in terms of sales volume	g/unit	440.75	<b>512.31</b>	+16.2%



# Environmental Report

During the Review Period, the volume of wastewater discharged increased due to the relocation of manufacturing plant, the operation of two plants, and equipment debugging, leading to a year-on-year increase in both the volume of industrial wastewater and industrial wastewater discharge intensity in terms of sales volume. Nonetheless, the total discharge volume only accounted for 57% of the national discharge limit. To strengthen management, the Group implemented the following routine treatment of industrial wastewater and the management measures to achieve the waste reduction targets:

Daily Management Measures	Actions taken to achieve waste reduction targets
<ol style="list-style-type: none"> <li>1) Monitor and test the process regularly;</li> <li>2) Adjust and optimise system operation reasonably;</li> <li>3) Ensure the discharge standards and environmental protection requirements are met;</li> <li>4) Set up a wastewater management list and an inspection system.</li> </ol>	<ol style="list-style-type: none"> <li>1) Industrial wastewater is treated by physicochemical and biochemical methods in sewage treatment facilities. For cleaning products, pure water is used instead of lotion to reduce pollutants from the source;</li> <li>2) Additional production line cleaning wastewater recycling system has been installed, with a recycling rate of over 60%. A new wastewater reuse system has also been installed, achieving a recycling rate of over 30%, to reduce the volume of wastewater discharged;</li> <li>3) Improve production efficiency to reduce wastewater discharge per unit of product.</li> </ol>



### Industrial wastewater management targets for 2024

Industrial wastewater discharge intensity in terms of sales volume  $\leq 496.94$  g/unit (i.e. decreased by 3% year-on-year)



### Exhaust gas emissions

During the Review Period, the Group's exhaust gas emissions mainly comprised industrial exhaust gas and air pollutants from combustion for direct energy generation. Industrial exhaust gas was mainly generated from chemicals such as alcohol used in the production process. In terms of management and control of exhaust gas, the Group prioritized controlling the toxic and harmful components of chemicals. The Group controlled chemicals it used in compliance with EU's REACH and the national standard GB 38508-2020 Detergent Volatile Organic Compounds Content Limits. In the production process, the exhaust gas was collected by air extraction devices, and discharged after being filtered and adsorbed with secondary activated carbon and complying with certain standards. The exhaust gas emissions are regularly tested by qualified third-party testing institutions to meet national emission standards on a yearly basis.





# Environmental Report

The Group also emits other pollutants regulated by national laws and regulations, such as benzene, toluene and xylene, and VOCs. According to the review conducted by a third-party organization, the emission concentration and emission rate of these pollutants are within the PRC national standard BD44/27-2001 Air Pollutant Emission Limits.

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
NO <sub>x</sub>	kg	<b>6.51</b>	6.25	-4.0%
SO <sub>x</sub>	kg	<b>50.53</b>	53.65	+6.2%
Respirable Suspended Particulates (RSP)	kg	<b>6.26</b>	6.03	-3.7%



### Exhaust gas emissions management targets for 2024

NO <sub>x</sub>	≤ <b>6.06</b> KG
SO <sub>x</sub>	≤ <b>52.05</b> KG
Respirable Suspended Particulates (RSP)	≤ <b>5.85</b> KG



### Greenhouse gas emissions

Apart from a small amount of direct (Scope 1) greenhouse gas emissions, such as those from vehicles, equipment and machinery, the main source of greenhouse gas generated by the Group is energy indirect (Scope 2 and Scope 3) emissions, i.e. the consumption of purchased electricity, product and materials, and power consumption for transportation. During the Review Period, the greenhouse gases emitted by the Group included carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons (except perfluorocarbons and sulphur hexafluoride which the Group did not record emission thereof).

In response to the “30 • 60” carbon emission goal set by the state, the Group formulated the “double carbon” management plan according to the strategic white paper of TCL Technology in 2023. The Group placed great emphasis on cultivating carbon management talents, and organised staff to participate in third-party double-carbon management training to enhance double-carbon management capabilities. In addition, the Group kept abreast of the double carbon policy and changes in the industry, proactively planned and introduced green power projects, continuously optimised the energy management system and promoted the implementation of energy-saving and emission reduction projects.



# Environmental Report

During the Review Period, due to the relocation of manufacturing plant and the relative increase in the size and scale of the associated buildings compared to the original plant, energy consumption, the total greenhouse gas emissions and emission intensity, increased by nearly 3 times year-on-year, respectively. TÜV SÜD Certification and Testing (China) Co., Ltd., a third-party certification body, was commissioned to calculate the Group's indirect (Scope 3) greenhouse gas emissions for 2022, supplementing the basic data of the Company. In 2024, the Group will also verify the data for 2023 to improve the Company's carbon emission data and further enhance the fundamental management capability of greenhouse gases. The Group will also actively take measures for energy consumption control and energy-saving and emission reduction. It is estimated that the total carbon emissions and intensity (Scope 1 and Scope 2) will decrease by approximately 3% compared to 2023.

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
Direct (Scope 1) Greenhouse gas emissions	tonne CO <sub>2</sub> e	412	<b>432</b>	+5.0%
Greenhouse gas emission intensity in terms of sales volume	CO <sub>2</sub> e/unit	7.6	<b>9.1</b>	+19.5%
Indirect (Scope 2) Greenhouse gas emissions	tonne CO <sub>2</sub> e	15,487	<b>22,627</b>	+46.1%
Greenhouse gas emission intensity in terms of sales volume	CO <sub>2</sub> e/unit	285.7	<b>474.9</b>	+66.2%
Indirect (Scope 3) Greenhouse gas emissions <sup>Note 1</sup>	tonne CO <sub>2</sub> e	24,582	<b>118,511</b>	+382.1%
Greenhouse gas emission intensity in terms of sales volume	CO <sub>2</sub> e/unit	453.5	<b>2,487.3</b>	+448.5%
<b>Total greenhouse gas emissions</b>	<b>tonne CO<sub>2</sub>e</b>	<b>40,481</b>	<b>141,570</b>	<b>+249.7%</b>
<b>Greenhouse gas emission intensity in terms of sales volume</b>	<b>CO<sub>2</sub>e/unit</b>	<b>746.7</b>	<b>2,971.2</b>	<b>+297.9%</b>

Note 1

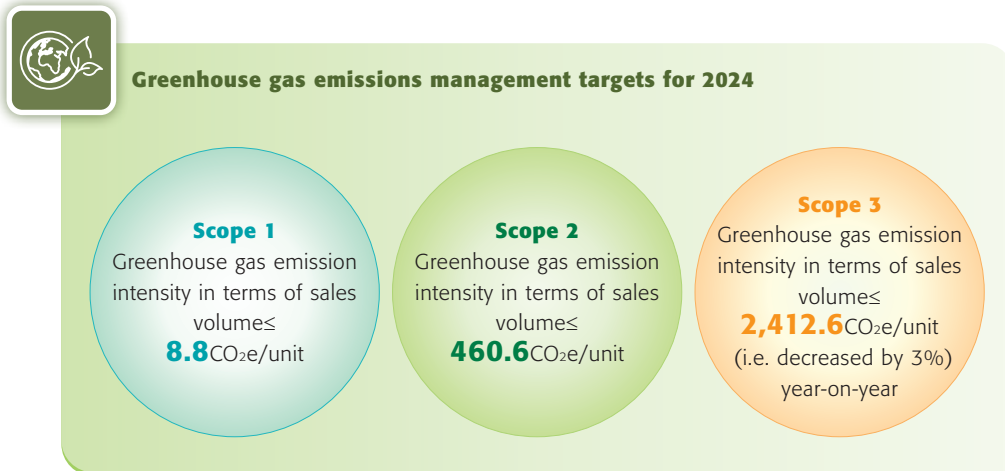
Reasons for the significant increase in total Scope 3 emissions and intensity in 2023 were as follow:

1. Greenhouse gas emissions generated from the three major raw materials were incorporated in the first statistics for Scope 3 in 2022, excluding greenhouse gas emissions generated from the addition of equipment to the production lines;
2. Greenhouse gas emissions generated from the addition of equipment to the production lines (including all raw materials) were newly incorporated in the statistics for Scope 3 in 2023, which are verified in accordance with the Greenhouse Gas Protocol (GHGP).

# Environmental Report

During the Review Period, the Group's routine treatment of exhaust gas and greenhouse gas emissions and the management measures taken to achieve the reduction targets were as follows:

Daily Management Measures	Actions taken to achieve air and greenhouse gas emission reduction targets
1) Optimize the process of greenhouse gas and energy management system;	1) Industrial exhaust gas is collected by an air extraction device, and then discharged after two-stage activated carbon filtration and purification;
2) Reduce electricity waste through daily supervision;	2) Each year, the emissions are tested by a third-party agency and meet the Air Pollutant Emission Standards of Guangdong Province, the PRC;
3) Improve energy efficiency and reduce emissions through improving efficiency;	3) Emission reduction targets are set and carbon emissions are regularly calculated;
4) Regularly measure and monitor emissions to evaluate whether they exceed the standard.	4) All employees pay attention to saving energy, reducing power consumption and hence carbon emissions;  5) Energy consumption is reduced through the implementation of energy-saving and emission reduction projects, including the use of an automated control system for air compression and the recovery of waste heat from the air compression system, thereby reducing energy usage.





# Environmental Report



## Waste

Category	Unit	Year ended 31 December 2022	Year ended 31 December 2023	Year-on-year change
Hazardous waste	tonne	1.74	<b>2.15</b>	+23.6%
Intensity of hazardous waste in terms of sales volume	g/unit	0.03	<b>0.05</b>	+50.2%
Non-hazardous waste	tonne	216	<b>311</b>	+44.0%
Intensity of non-hazardous waste in terms of sales volume	g/unit	3.99	<b>6.53</b>	+63.6%

During the Review Period, due to the relocation of manufacturing plant and the clearance of some temporarily stored waste left in the old plant, there was an increase in both hazardous and non-hazardous waste compared to the previous year. The hazardous waste produced by the Group included chemical containers, whilst the non-hazardous waste produced by the Group is classified into two categories i.e., recyclable and non-recyclable waste (see the table below for details).

The Group strictly complies with the relevant laws and regulations and the local emission standards, formulates the Hazardous Waste Prevention Responsibility System and establishes a pollution prevention and control responsibility organization, and the specific management measures and waste reduction actions taken are as follows:

Standardized Management of Wastes	Actions taken to achieve waste reduction targets
<b>Hazardous waste</b>	
1) Names, sources, characteristics, hazards and treatment measures of various types of hazardous waste should be clarified;	1) Reduce chemical usage through enhanced management: Set the limit for the amount of chemicals to be used based on production volumes;
2) Classification, collection, storage and disposal methods of hazardous waste should be clarified to store and transfer by type in separated areas according to environmental protection requirements, make a transfer management list, set up hazardous waste signs and ultimately hand over to qualified third-party organizations for compliant treatment;	2) Use secondary leak-proof containers to secure chemical bottles to reduce waste leakage;
3) Regular drills are conducted on environmental emergency plan;	3) Promptly dispose of waste oil: Assign dedicated personnel for hazardous waste management, collect waste oil on a monthly basis, and engage qualified institutions for disposal of waste oil.
4) Chemical containers are reused in the same way as they were used before and managed in a standardised manner, and a recycling management list is established.	4) Extend the usage duration of activated carbon within a reasonable and controllable range appropriately based on the monitoring of emission concentrations.
5) Recycling agreements are signed with suppliers according to the type of chemical containers.	



# Environmental Report

Standardized Management of Wastes	Actions taken to achieve waste reduction targets
<b>Non-Hazardous waste</b>	
1) Recyclable waste, such as paper and metals, is recycled by waste collectors;	1) Promote waste classification knowledge to our staff through email, screencast, billboard and WeChat, to conserve paper and packaging materials and reduce waste production;
2) Non-recyclable waste is handed over to sanitation workers for disposal on a regular basis.	2) Establish and apply an electronic approval and information system to reduce paper consumption.



## Waste management targets for 2024

### Hazardous waste

Hazardous waste intensity in terms of sales volume  $\leq$  **0.044** g/unit (i.e. decreased by **2.2%** year-on-year)

### Non-Hazardous waste

Non-hazardous waste intensity in terms of sales volume  $\leq$  **7.84**g/unit (non-hazardous waste will increase due to increase in production scale and number of staff)

## 5.3 IMPACT OF CLIMATE CHANGE

Climate change is one of the major challenges of the times. The Group adheres to green development, proactively adapts and responds to the potential risks and issues posed by climate change, and effectively reduces the carbon emissions of the business through measures such as improving the energy management system, increasing the use of renewable energy, building a green supply chain, and enhancing employees' carbon reduction awareness, for the purpose of fulfilling its corporate responsibilities to mitigate climate change.

In response to major climate-related events that may have an impact on the business of the Group, the Group has taken actions and formulated special systems including the Emergency Response Plan for Natural Disaster Events. The Group identifies potential climate change risks through the identification of risk sources from time to time in accordance with the Integrated Emergency Response Procedure developed by the Company. An emergency response center has been established to search for the latest weather forecasts from the national meteorological website daily, which will then be disseminated to members of the safety committees through daily duty reports to facilitate hierarchical responsibility and unified management. A comprehensive emergency management system, characterized by hierarchical responsibility and unified management, has been developed and maintained. In assessing and managing climate-related risks, the Group will set up emergency response teams depending on the alert level, and conduct emergency training and special inspections to enhance the skills of emergency response personnel and eliminate safety hazards in a timely manner.



# Environmental Report




The Group established special teams and formulated countermeasures and conducted emergency drills from time to time. Specific response actions under the emergency plan are as follows:

The evacuation team relocates employees and rescues injured employees;

The maintenance team urgently repairs damaged facilities that may cause personal injury and affect production, and dispatches emergency facilities to external entities (if necessary); and

When necessary, the person in charge of the emergency plan of the Group will obtain assistance from TCL Technology or the government.

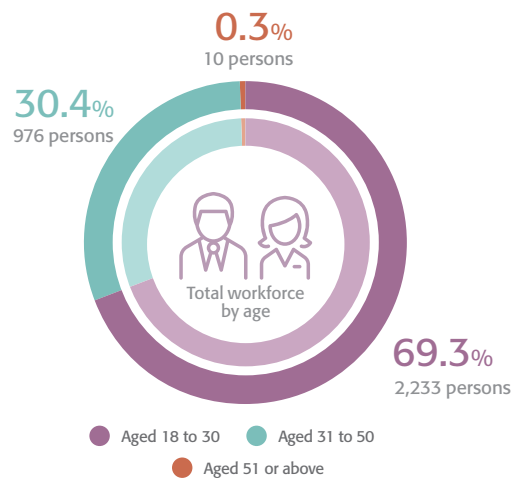
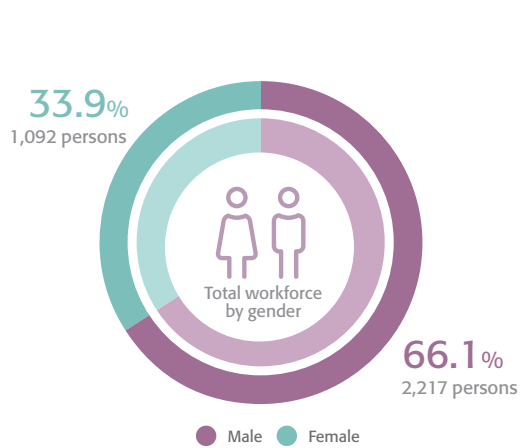
During the Review Period, the Group identified the impact of climate change risks and issues to business development and took measures as follows:

Impacted entity	Possible impact of severe or extreme weather arising from climate change	Response actions by the Group
 <b>Employees</b>	Tree collapse, landslides, flooding, damage to outdoor facilities, etc., which may result in injuries to employees on their way to or from work.	Post weather warning notices and follow the instructions of the local government to promptly notify employees of different actions to be taken in severe or extreme weather to avoid any personal injury.
 <b>Materials/products</b>	Insufficient supply of upstream raw materials and delays in logistics, which may hinder production planning. Also, the storage environment of raw materials is affected by the climate, and power consumption will increase to ensure the quality of raw materials.	Establish long-term, amicable cooperative relations with key suppliers, and communicate with suppliers in a timely manner during extreme weather conditions to assess the impact on the overall production planning.
 <b>Buildings</b>	Damage to the production plant area, offices and/or staff dormitory, resulting in property damage.	Require employees to keep doors and windows closed when leaving work in order to reduce the risk of damage to buildings;  The Administration Department will put in place a series of wind protection measures prior to the typhoon, and will regularly check the flow of the pipes to prevent flooding.

# 06 Employee Report

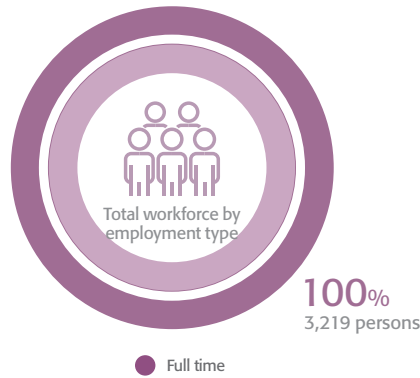
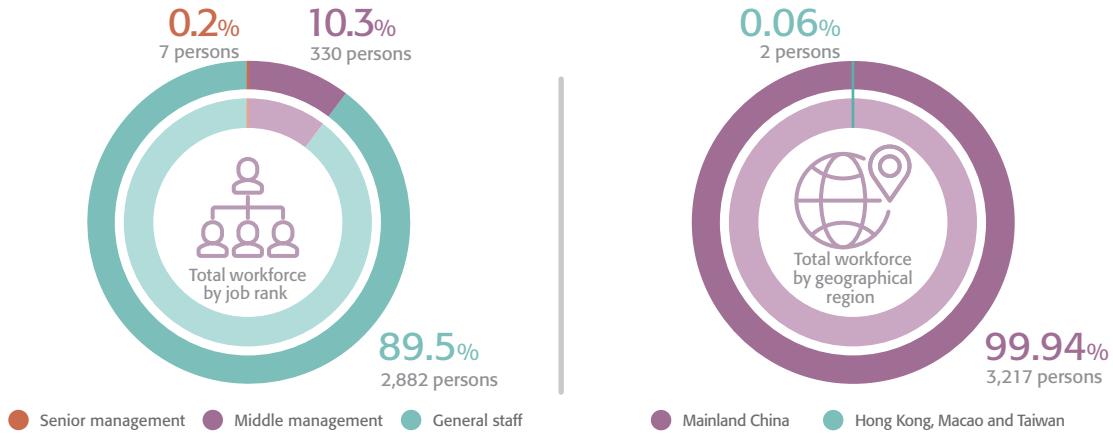


As at 31 December 2023, the Group had 3,219 employees. The specific breakdown is as follows:



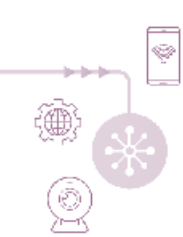


# Employee Report



During the Review Period, the Group's total employee turnover rate was 2.87%, all of which were located in Mainland China, with a turnover rate of 3.42% for employees aged from 18 to 30, 1.61% for employees aged from 31 to 50 and 0% for employees aged 51 or above. The turnover rate of male employees was 2.88% and the turnover rate of female employees was 2.85%.





# Employee Report

## 6.1 HEALTH AND SAFETY

The Group attaches great importance to production safety and occupational safety and health, and continuously provides employees with a safe working environment and protects them from occupational hazards in accordance with laws and regulations such as the Safety Production Law of the PRC, the Law on the Prevention and Control of Occupational Disease of the PRC, and the Fire Prevention Law of the PRC and other national standards. During the Review Period, the Group obtained the completion acceptance of safety facilities, occupational disease prevention facilities, and environmental protection facilities for the new factory, in accordance with the regulatory requirements set forth in the internal guidelines Concurrent Supervision and Management Measures for Safety Facilities in Construction Projects and Concurrent Supervision and Management Measures for Occupational Disease Prevention Facilities in Construction Projects. These measures ensure that the Company's safety facilities, occupational disease prevention facilities, and environmental protection facilities meet the operational requirements of the new factory, providing a safe and healthy working environment for our employees.

### Comprehensive Safety System and Management Mechanism

The Group implemented the national production safety policy of "giving first priority to safety, laying stress on prevention and taking comprehensive measures"; strictly executed production safety policies, orders, regulations, standards, systems and rules issued by the state and other higher authorities. In 2023, the Group further optimised the management system based on the occupational health and safety standard ISO 45001: 2018, and passed the regulatory review of the international certification body, SGS.

The Group set up a special occupational health and safety management team internally and established a sound process system to guide occupational health and safety work. The Group established and implemented a comprehensive safety production responsibility system applicable to all employees. Each year, the Group sets detailed targets and indicators for safety production and specify them to all departments. The Group clearly defined the responsibilities for safety production management of all departments and had safety production responsibility statement signed at every level. Regularly safety leadership interviews and safety accountability surveys among the management were conducted to ensure they possess the capability for safety management. The Group included safety production and occupational health management in the responsibilities of staff and conducted assessment on the implementation. The Group implemented the policy of "safety management must come before the management of industry, business and production", and pressed ahead with the establishment of safety committees at all levels, improved the assessment system for safety committees of all departments, carried out quarterly and annual assessments, and formulated a reward and punishment mechanism for accident accountability, with a view to urging all departments to take actions on safety management independently.

During the Review Period, the Group revised a number of safety and environmental management systems, including the Hazardous Chemicals Safety Management Standards, Safety Management Standards for Dangerous Operations, Safety Management Standards for External Construction Companies, Safety Inspection and Hidden Hazard Rectification System, Occupational Health and Safety Management Procedures, Management System for Safety Education and Training, Safety Duty System, and Regulations for Managing Changes in Safety and Environmental Protection. It improved the risk prevention and resolution mechanism to raise the level of safety production, reduce and control risks, and achieve procedural and standardised safety management, thereby ensuring safety production. In addition, to enhance the Company's overall emergency response capability, the Group completed the preparation and filing of the Production Safety Accident Emergency Plan for the new factory. Specific emergency protocols for natural disasters and infectious disease outbreaks were also developed, enabling the Company to have clear emergency procedures and responsibilities.

In 2023, the Group carried out on-site safety risk management and improvements as follows:

- 1) Based on the types and characteristics of on-site operations, the Equipment Safety Operation Guidelines were formulated and implemented. The inspection acceptance for equipment safety protection was enforced, and the requirements for safety protection during equipment maintenance and debugging were standardised. Recurrent potential hazards were included in the operational assessment of the branch safety committees.
- 2) The Equipment Safety Protection Standards were strictly enforced, with 31 pieces of equipment successfully passing safety protection acceptance. The requirements for safety protection wear during equipment maintenance and debugging were reviewed, achieving a compliance rate of 100% with all equipment operators and engineers wearing safety helmets.
- 3) In response to the features of the new factory, the annex of the Safety Inspection and Hidden Hazard Rectification System was revised to include recurrent hidden hazards into the monthly assessment of the safety committees.

## Fire safety record management

During the Review Period, in line with new regulations on fire safety records for industrial and commercial enterprises, the Group integrated its fire safety record ledgers, improved its systems, and compiled a “six-in-one” fire safety file, making the fire safety file more complete and accessible.

Investment in safety is the key to ensure safe production. During the Review Period, the Group spared no effort to continuously invest in and improve production safety, and dedicated approximately RMB4.82 million to enhance production safety, representing an increase of 12.6% from RMB4.28 million in 2022. The investment focused on safety management, equipment safety and fire safety.

As at 31 December 2023, the Group did not record any work-related serious injury or fatal accidents of employees. There were no lost days due to work injury during the Review Period.

The Group mainly implemented the following safety measures in 2023:

## Safety Inspection

During the Review Period, the Group optimised the Safety Inspection and Hidden Hazards Rectification System, pursuant to which, daily inspection of factory area were carried out while special safety inspections, pre-festival safety inspections, seasonal safety inspections and various forms of activities for identifying and rectifying potential hazards by management such as general manager and director were regularly organised. Each department of the Company established its safety committees, which also independently organised internal safety inspection activities. In addition, the Group invites external inspections from time to time, comprising regular safety inspections by government authorities, TCL Technology and TCL CSOT. All issues identified through safety inspections were reported to the general manager in weekly meetings, and persons-in-charge were appointed to complete the rectification within a specified period, so as to achieve closed-loop management.



## Employee Report

During the Review Period, the Group had a 100% rate of timely rectification of safety hazards. The Group believes that comprehensive rules and regulations serve as the foundation of good management. Through regular safety inspections, issues and potential safety hazards are identified in a timely manner, and rectification and closed-loop improvements are made, for continuously ensuring the safety of the Group's operating environment.



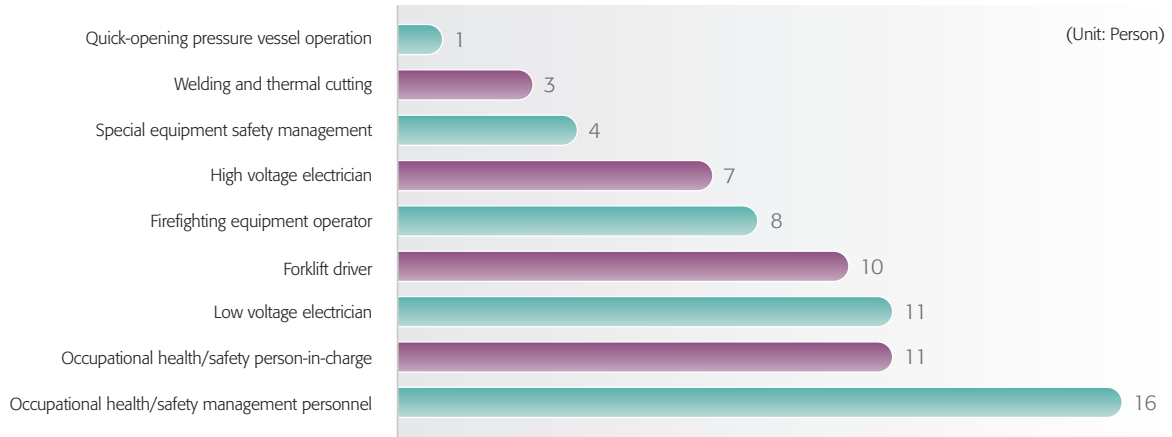
► Safety inspection led by the general manager

### **Production Safety Training, Promotion and Education**

Production safety education and training is essential for setting up corporate business policies and objectives, achieving production safety, improving the safety of employees, and reducing human errors. In early 2023, according to the Company's overall arrangements and requirements for production safety and the actual situation in production lines, the Group formulated a detailed and effective safety training programme. This programme further optimised the Company's safety training for new employees and ensured that all new employees were qualified through three-level safety education before commencing their roles. During the Review Period, the Group completed the three-level safety education for a total of 5,822 new employees. In light of the risks associated with new factories, the Group organised a total of 2,861 existing staff members to complete safety education for new factories, ensuring that all of them are aware of the Company's safety risks, individual protection requirements, emergency response procedures and other safety knowledge. Furthermore, to enhance employee safety awareness, the Group organised specialised safety training sessions on issues such as hazardous chemicals safety, occupational health protection and safety awareness enhancement.

The Group primarily implements safety education in a step-by-step manner. During the Review Period, the employees of the Group participated in safety trainings for over 192,000 hours, which were categorised into, among others, three-level safety education: safety management capability improvement training, special safety training, independent safety training, special skilled worker training, and practical operation training of safety facilities and equipment. The employees are required to undertake examinations after undergoing the relevant trainings, thereby standardising the operational safety and skills of all employees and allowing employees to acquire the necessary knowledge and operational skills of safety production, so as to reduce the occurrence of accidents during the production process. All special skilled workers of the Group must be certified and unlicensed work is prohibited.

## Number of Participants in Special Safety Training Programmes for 2023



► First-aid training by Centers for Disease Control and Prevention of Zhongkai High-tech district



► Safety management personnel training

## Launching Safety Activities to Build a Culture of Safety

In 2023, the Group planned and launched activities for Safety Month and Fire Safety Month, organising the third Safety Knowledge Contest and the fourth Firefighting Skills Competition. During these events, we continuously carried out safety publicity, training and inspections. With a total of 8,479 participants during the year, these safety activities significantly raised employee awareness of safety and fire prevention, creating a collaborative atmosphere of safety during the themed months and cultivating a rich safety culture.



► Safety Month Activity: Signing on safety theme wall by employees



► Safety Month Activity: Safety knowledge competition

# Employee Report

## Emergency Drills

During the Review Period, the Group further improved its annual drill plan. In order to raise staff awareness of fire safety and to equip them with the skills to deal with fire emergencies, as well as to test the operation and effectiveness of the Company's emergency response plans, the Group conducted 40 emergency response drills.

The Group's senior management attached great importance to and provided great support and help for the drills across all stages from drill planning, preparation, organisation and implementation to holding formal drill. Drills included fire drills, emergency evacuation of personnel, chemical leakage, injuries from operating equipment, object strikes, falls from height, trapped in lift, anti-terrorism drills and pandemic prevention drills. The Group's senior management carefully reviewed the drill plans, made arrangements for drills, arranged the drill activities on site, and observed the dynamics of drills to ensure the full implementation of the drills. In addition, the Group carried out emergency response skill training for the emergency response team every week in order to enhance their emergency response capabilities.

During the Review Period, the Group had no safety incidents such as fire and chemical leakage.



▶ Fire Drill of the Manufacturing Department



▶ Fire Evacuation Drill  
(using fire hose for extinguishing fire)



▶ Fire Drill of government-enterprise alliance



▶ Elevator Rescue Drill



▶ Chemical Leakage Drill

## Occupational Health Management Policy and Measures

In accordance with the requirements of the ISO 45001 occupational health and safety management system standard, the Law on Prevention and Control of Occupational Diseases of the PRC and relevant laws and regulations, the Group continued to optimise the occupational health and safety management system, strictly enforced the rules and regulations, conducted regular reviews and identified issues and proposed improvements in a timely manner. In strict compliance with the relevant laws and regulations, the Group conducted regular inspection and analysis of occupational hazards, and occupational health education and training schemes. The Group provided qualified protective equipment to workers according to laws and regulations while regularly checking on the use of such equipment, and carried out occupational disease examinations for relevant employees before they are employed/annually/upon their resignation.

In 2023, the Group conducted identification and evaluation of occupational hazard positions in the new factory according to the Guidelines for Identification and Evaluation of Positions Exposed to Occupational Hazards, identifying a total of 20 occupational hazard positions and 19 occupational hazard factors. During the Review Period, all detection results of occupational hazard factors within the workplace met the safety standards. The Company organised occupational health check-ups for all the employees before employment, during employment and upon leaving their positions, with the number of participants totaling 425.



▶ Automated External Defibrillator (AED) installed on-site



▶ Annual occupational health screening for employees

Moreover, in line with the requirements of the Concurrent Supervision and Management Measures for Occupational Disease Prevention Facilities in Construction Projects, the Group organised the completion acceptance of new factory occupational disease prevention facilities and passed the evaluation of the control effects of occupational hazards. The Evaluation Report on the Control Effects of Occupational Hazards (YKKP-23061504) was issued, ensuring that the working environment within the new factory meets national health requirements for occupational hazards.

During the Review Period, no employees of the Group recorded occupational diseases.

## 6.2 EMPLOYMENT

The Group complied with the relevant aspects in the Labour Law of the PRC, the Labour Contract Law of the PRC, the Implementation Regulation for the Labour Contract Law of the PRC, the Provisions on the Prohibition of Using Child Labour, the Law on Minor Protection of the PRC, the Social Insurance Law of the PRC and SA 8000 Social Responsibility Management System Standards and other applicable laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hour, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of the Group's employees.



# Employee Report

## Compensation and benefits and promotion channels

In accordance with the internal Compensation and Welfare Management System, the Group regularly maintains the compensation conditions of employees based on local gross domestic production (GDP) growth and the latest laws and regulations to provide employees with reasonable, legal and competitive compensation and benefits. According to the Labour Contract Law of the PRC, the Group formulates the corresponding Attendance and Leave Management System, specifying the working hours and rest schedule of employees. All employees are entitled to various statutory paid holidays, such as paid annual leave, statutory leave, marriage leave, maternity leave, paternity leave, breastfeeding leave, medical leave, etc. In addition, the Group formulates the ECP Professional Channel Certification Management System and the On-site Staff Skill Certification Management Standards, which clearly define the criteria for employee promotion, the assessment process and the frequency of promotions. These measures create a fair and just career development and promotion channel and give employees space for growth and development.



ECP: referring to experience, competence and performance

## Recruitment, dismissal and diversity

The Group implements a recruitment and selection policy aimed at offering equal opportunities in accordance with the internal policies of On-site Staff Recruitment and Deployment Management Process and the Staff Social Recruitment Management System. Adhering to the principles of “compliance with laws and regulations, fairness and impartiality, avoiding nepotism and promoting meritocracy”, the Group ensures that job applicants enjoy equal opportunities, regardless of race, ethnicity, religious belief, disability, political affiliation, age and gender.

The Group promotes anti-discrimination and diversity. “Actively recruiting and providing care and support for people with disabilities” is one of the Group’s recruitment principles. During the Review Period, the Group provided equal opportunities for disabled employees in recruitment, staff training and promotion. We offered job training and guidance that matched the existing position requirements for disabled candidates, ensuring that those who met the job requirements and selection criteria could participate in the selection processes. The Group assigned suitable job positions to disabled employees based on their physical conditions and job adaptability, and arranged for junior management to support and assist disabled employees in adapting to their positions and mastering the necessary skills. Job rotation and trial positions for those in need were also provided. In addition, the Group organised team activities for disabled employees annually, distributed monthly work subsidies for individuals with disabilities, and coordinated the addition of specific attendance check-in locations and access control permissions for disabled employees, ensuring that they could work conveniently and effectively.

In November 2023, the Group was presented with the award for the honour of the Huizhou Demonstration Unit for Employment of the Disabled for 2023 by the Huizhou Federation of the Disabled.



## Anti-discrimination

The Group has issued the Anti-discrimination Management Regulations and conducts training and promotion among employees, specifically targeting those involved in recruitment, compensation and benefits, employee training and award evaluation. These initiatives ensure that no discriminatory content or actions are present in the development and implementation of related management measures. Any form of discrimination based on race, skin color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religious beliefs, political affiliation or marital status are prohibited.

The Group incorporates anti-discrimination principles into orientation for new employees, annual training and human resources-related training, and reinforces this message through posters of the Group and TCL Technology on a daily basis.

The dismissal procedures of the Group are carried out on a reasonable basis in accordance with our internal regulations and in compliance with laws and regulation.

## Employment compliance

The Group constantly reviews and refines recruitment management process to prevent child labour, forced labour and under-age labour. It strictly abides by the Labour Law of the PRC, the Law of the PRC on the Protection of Minors, the Regulations on the Prohibition of Child Labour and the International Labour Standards, and is well aware that the employment of child labour and forced labour violates basic human rights and affects the sustainable development of the Company and society.

During recruitment, the Group conducts age verification through background check, identity document validation and other methods to prevent inadvertent employment of child labour, forced labour and under-age labour.

In regards to the recruitment of child labour, apart from conducting checks before the commencement of new employees, the Group also carries out monthly verifications for all staff members. If child labour is discovered during these checks, the Group will implement remedial measures in accordance with the Management Measures for the Protection of Child Labour and Under-age Labour issued internally:

1. If child labour is employed due to issues with the authenticity of verification materials, the Group will not only immediately terminate the labour contract but will also endeavour to assist them in continuing their education (for example, aiding in contacting suitable schools for further education and providing for their educational and basic living expenses during their period of study).
2. If ceasing work will affect their family's financial situation, the Group will identify and provide appropriate job positions for other adult family members until the child worker reaches adulthood.
3. Upon termination of the labour contract, if it is confirmed that the child worker is ill or injured, the Group will arrange for them to be treated at a qualified medical institution and cover all medical expenses and living costs during the period of treatment.

The Group strictly prohibits forced labour, slavery or human trafficking. The Human Resources Department of the Group considers the work content, number and backgrounds of employees to ensure that there is enough manpower to handle the workload and prevent employees from being overworked. The Group respects the wishes and rights of employees, and never treats employees in an unfair manner. According to the Guidelines on Free Choice of Occupation and Non-forced Labour of the Group issued internally, employees are entitled to freely choose their occupation, work and terminate their labour contracts in accordance with applicable laws and regulations. The Group also provides employees with complaint channels and protects their human rights such as rest and leave entitlements.



# Employee Report

In the event that the Group is aware of any inadvertent forced labor, it will take the following remedial measures:

1. Immediately cease all forced labour that the employee is subjected to;
2. Return personal identification documents that may have been withheld by the Group;
3. Provide financial compensation for employees subjected to forced labour; and
4. Arrange for employees subjected to forced labour to return to their hometowns, or send them to relevant management agencies.

During the Review Period, the Group had no incident of child labour, under-age labour, forced labour or illegal employment.

## 6.3 DEVELOPMENT AND TRAINING

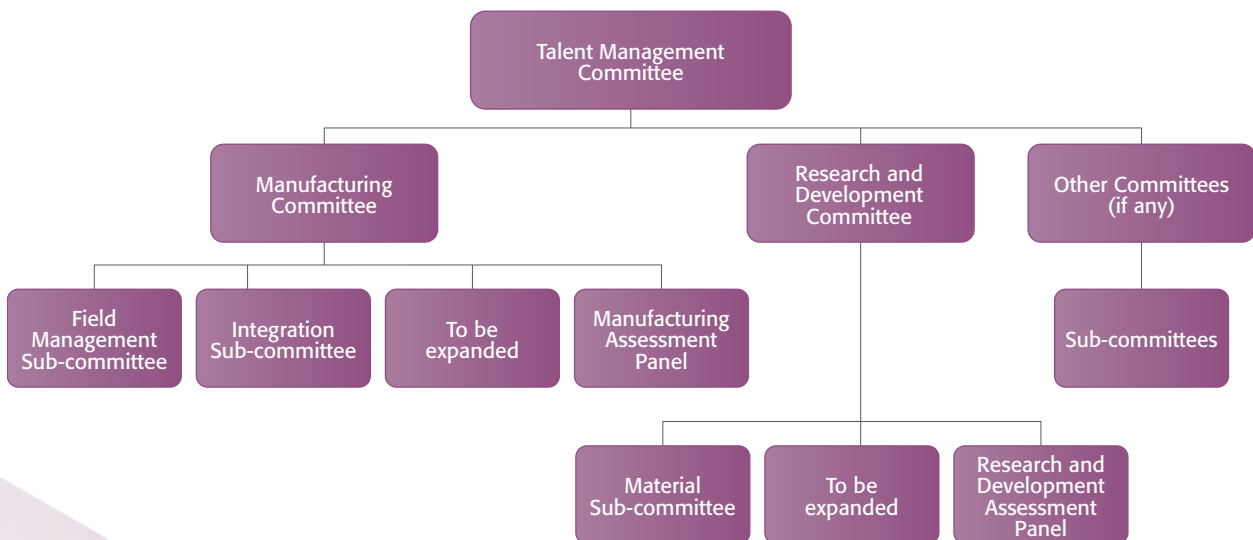
It is one of the missions of the Group to create development opportunities for employees. To nurture and improve the skills and knowledge of employees, the Group has established and improved the management systems, and invested a variety of resources to provide trainings to employees each year and selected talents in a just and transparent manner.

### Career Development Path

In order to cultivate and develop key technical staff, the Group established the ECP Certification Management System and the On-site Employee Skill Certification Management Standards in 2022 and 2023, respectively. Currently, a career development path covering all employees has been established. It provides universal standards for personnel evaluation, promotion and development, with an aim to make employees aware of their career development paths, weaknesses and directions of improvement and stimulate their enthusiasm for work. During the Review Period, 28 sessions of ECP certification and skill level assessment were held. After review and deliberation by a professional panel of judges, a total of 714 personnel were found to meet the competence requirements of relevant levels and passed the promotion/grading certification. With regard to the structure of personnel promoted this year, the proportion of senior engineers and experienced engineers increased to 44% while the proportion of middle-level employees increased to 54%.

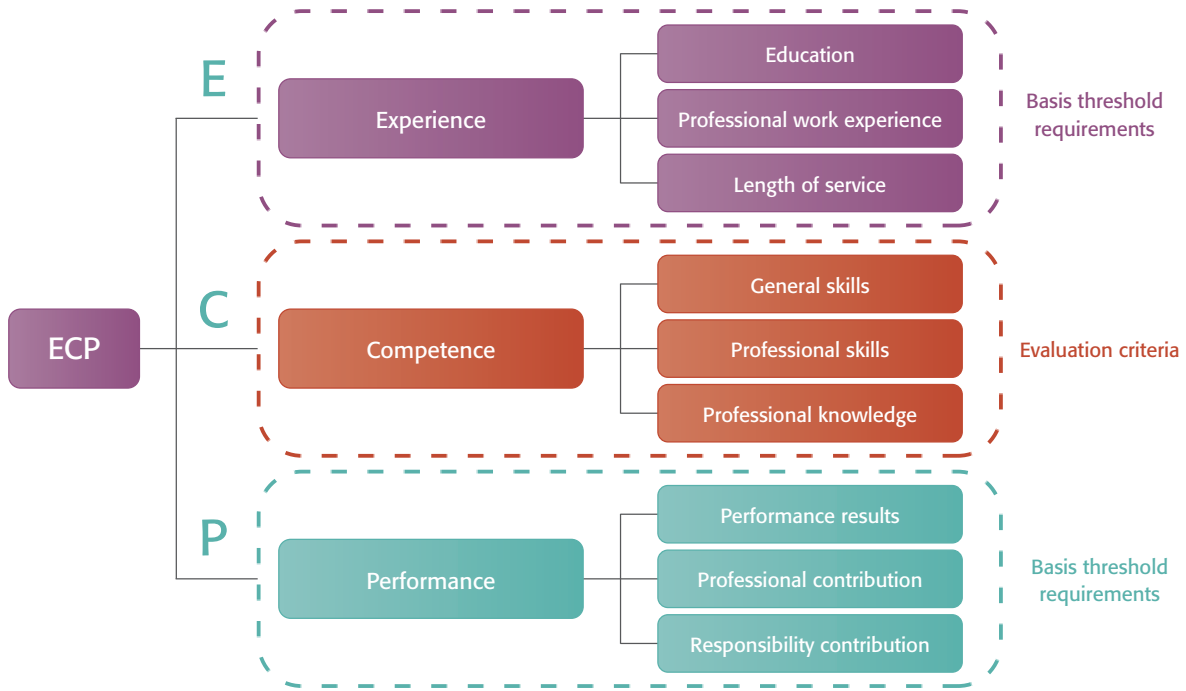
The Group also intends to establish a talent management committee and various ECP non-management professional development paths as illustrated in the chart below:

**ECP Committee Structure Blueprint**



### Structure Chart for ECP Standards

Individual position level	ECP level	
.....	.....	
18	LV5	R&D Division
17		Manufacturing Division
16		Supply Chain Division
15	LV4	Quality Division
14		Finance Division
13	LV2	Others (if any)
12	LV1	



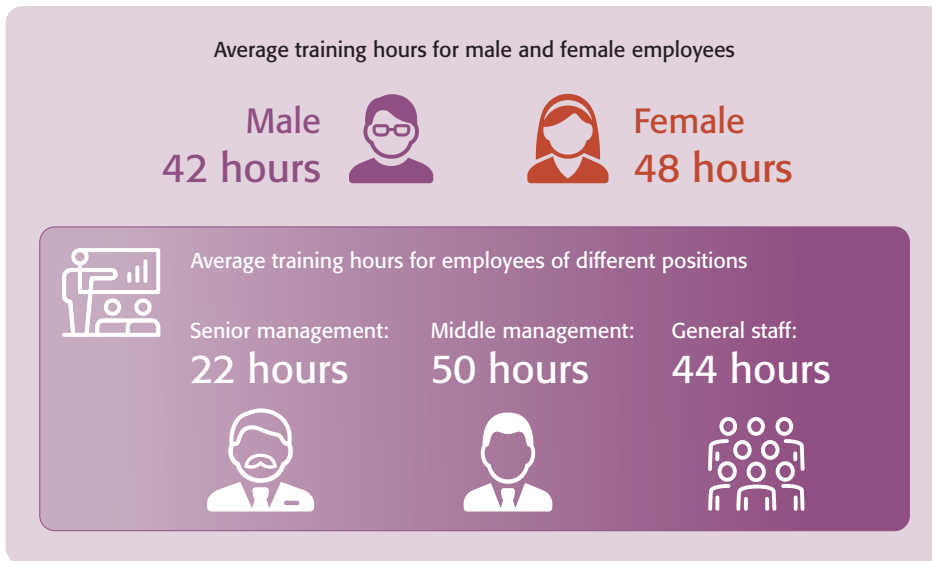
# Employee Report

## Training

Employee training provides an effective channel to improve employees' skills and capabilities and to match employees' abilities with their posts, plays an essential role in cultivating and forging common values and enhancing cohesion; and is critical to improving the efficiency of enterprises and organisations.

The Group believes that training can stimulate the personal potential of employees, enhance the vitality, cohesion and creativity of the team, deepen the understanding of the employees on the industry and the operation and management of the Company, and guide employees to fully utilise their creativity to drive the profit growth of the Company.

During the Review Period, the Group provided training to all staff and the percentage of trained employees reached 100%. In addition to providing various internal professional training schemes for employees, the Group arranged for 17 employees to participate in external professional courses while complying with local pandemic prevention measures and ensuring the personal safety of employees. Besides, the Group also engaged external professional tutors to hold 3 training sessions, which covered various aspects, including safety and professional technology, with 83 employees participating in the training sessions and recording a total of 1,236 training hours. Expenses incurred by the Group in external trainings exceeded RMB300,000.



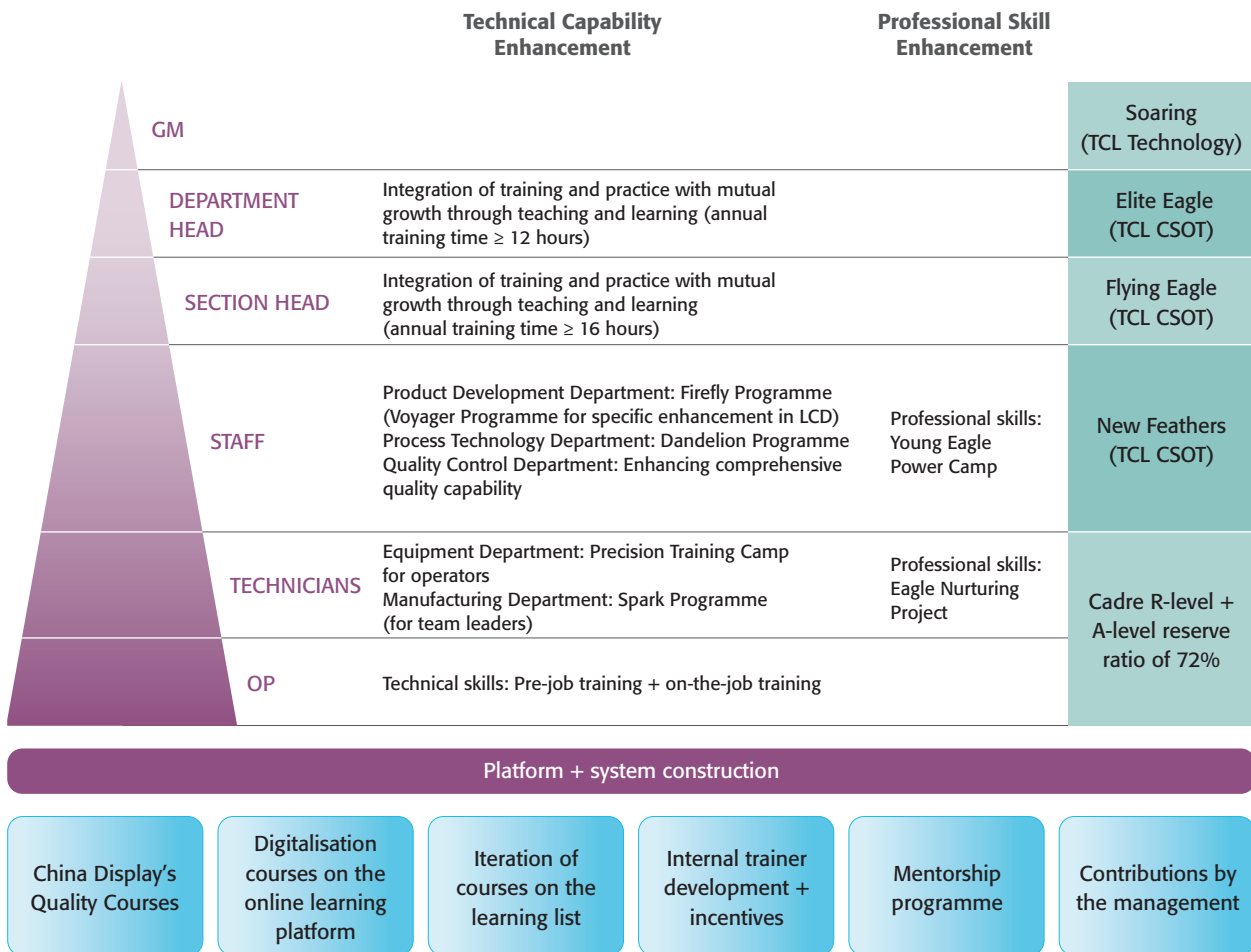


# Employee Report

## Training Plan:

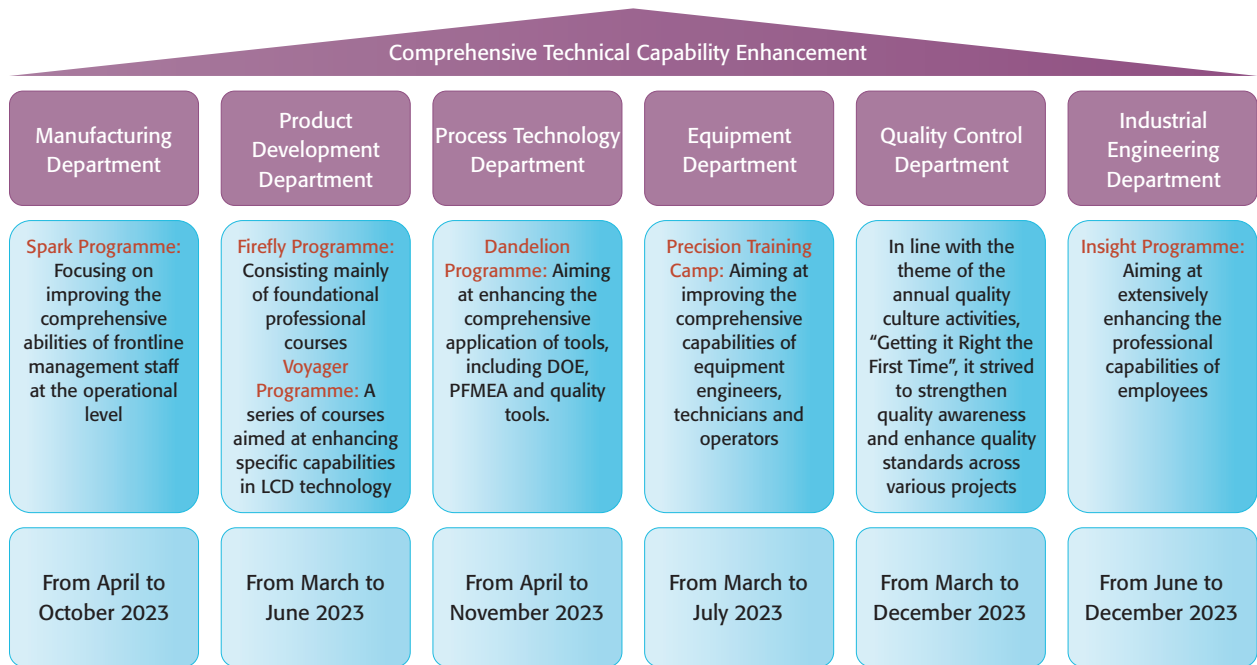
In 2023, the Group established China Display's Training Operation Framework, which outlines training plans categorised according to different positions ranging from employees to the general manager in order to enhance technical capabilities and strengthen professional skills:

### Overall Training Operation Framework in 2023



# Employee Report

## Learning Projects for Comprehensive Technical Capability Enhancement in 2023



Other major trainings are as follows:

### Young Eagle Power Camp

As one of the important annual training projects of TCL Technology, the Young Eagle Power Camp plays an important role in training fresh college graduates. In the two-week Young Eagle Power Camp, the Group provided over ten theoretical courses, including Corporate Culture, Basic Knowledge on Products and Introduction to the Industry, and Safety Education, with a total of 88 training hours for each participant. In addition to theoretical courses, the Group also organised outbound trainings of nearly 10 hours to raise their team awareness and cohesion. Moreover, to ensure that fresh college graduates can fit in the Group as soon as possible and accelerate their smooth transition into the workplace, the Group provided all fresh college graduates with one-on-one mentorship to help them formulate reasonable transition plans based on their current abilities and job training objectives, and offer comprehensive guidance for their learning and work.



# Employee Report

## Online Learning

Compared to offline face-to-face courses, online learning offers greater convenience and flexibility with greater opportunities for employees to utilise fragmented time for learning, enabling them to significantly reduce learning time. In addition, leveraging the information retention feature of internet-based platforms, the Group can achieve better retention and broader dissemination of knowledge, empowering our employees to engage in repeated learning within limited timeframes for deepening their understanding. In 2023, the Group continued to launch online learning activities, covering a wide range of courses on digital transformation, information security, product knowledge, process technology and career advancement for all staff, with an average of over 5 training hours for each trainee. At the same time, the Group actively promoted the e-learning of its existing offline courses. In 2023, six high-quality courses were selected for content updates and iterations before being uploaded to the online learning platform, further enriching the learning channels for employees.

## Six Sigma Training

Six Sigma is an internationally-recognised management strategy that aims to reduce defects in products and services by setting extremely high standards, collecting data and analysing outcomes. In 2023, the Group hired professional instructors to provide “Six Sigma Green Belt” training and project coaching to employees. During the Review Period, 32 technical staff members from various departments participated in systematic training and initiated Six Sigma projects. Over the years, the Group has conducted several Six Sigma training sessions and project coaching. As one of the key annual training projects, Six Sigma training has been carried out with ongoing follow-ups to ensure its smooth implementation, contributing to the Group’s efficient improvement with measurable outcomes.

## 6.4 EMPLOYEE CARE AND COMMUNICATION

The Group’s management approach to employee care is “Caring for Employees and Harmonious Development”. During the Review Period, the Group’s labour unions increased their care measures for employees and intensified communication with them through various means such as employee talks, employee communication meetings, collection of opinion and suggestions, employee assistance programme, reading of psychological information, and cultural activities for employees during festivals.

### We listened to the opinions of employees and improved corporate management

The Group continued to pay attention to employee engagement and satisfaction data by conducting annual surveys and studies on employee satisfaction. After the factory relocation, the Group held employee representatives communication meetings to listen to employees’ opinions, analyse improvement directions, promptly identify hot issues that employees are concerned about. It worked with administration and production departments to take measures in terms of logistics support, work environment adaptation, corporate culture atmosphere creation and employee personal growth support to respond to employees’ demands and improve their satisfaction and engagement.



▶ Employee Representatives Meeting

# Employee Report

## IMPROVING FEEDBACK AND COMMUNICATION CHANNELS

The Group has in place a comprehensive staff communication process with various communication channels, including email, hotline, communication software and reasonable suggestions and feedbacks. The “Employee Representatives Communication Meeting” held by the Group regularly serves as one of the important channels for collecting staff feedbacks. Employee representatives are responsible for collecting employees’ feedbacks and furnishing response through the “Employee Representatives Communication Meeting”. The HRBP is responsible for making improvement on issues reported and publishing the improvement results.

During the Review Period, to motivate employees to offer feedback on making improvements to the Company, the Group expanded employee communication channels. The Group continued to promote the collection of suggestions, and organised six employee representatives communication meetings with a total of 179 participants and 229 suggestions raised. The improvement rate of the problems reached 96.5%. During the Review Period, the Group received 83 suggestions in the opinion collection box, out of which 31 were adopted, thus enhancing staff’s enthusiasm to participate in corporate development.

## Employee Assistance Programme

### Carrying out Employee Assistance Programme and paying attention to employees’ physical and mental growth

The Group continues to pay attention to the physical and mental health development of its employees. In view of the adaptation and integration of employees after the factory relocation, the Group continues to provide support to employees on issues of concern in work and life through mental health knowledge promotion, theme activities, community psychological counseling service information sharing and other activities. In addition, the Group combines employees’ feedback and demands and regularly provides relevant information through emails and public service accounts to continuously improve the convenience and practicality of employees’ access to “Employee Assistance Programme” services.

In order to enrich the spiritual life of employees, the Group began to select “Star Cultural Models” in 2020. Employees are encouraged to contribute articles related to work and life on the WeChat official account of “China Display Employee World”. Employees whose manuscripts are accepted will receive cash rewards and points, and will be selected as “Star Cultural Models” based on their points every year. In addition, employees who are selected as outstanding employees can also receive points and participate in the “Star Culture Models” selection. This initiative improves employees’ sense of accomplishment and satisfies their need for honour. Through this platform, employees can showcase their talents and experience while also stimulating their motivation and commitment. This selection system helps create a positive working environment and improves employees’ enthusiasm and work motivation.

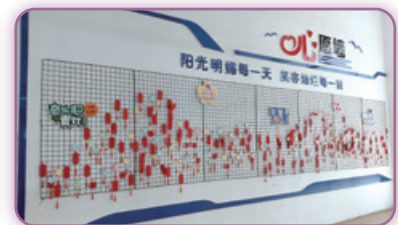
During the Review Period, in order to help employees adapt to the relocation of the factory and the new environment, the Group provided professional psychological counseling services and organised a series of activities, including green plant maintenance, guides around the new factory, photography of the most beautiful factory area, gratitude topics, etc., aiming to convey positive messages and help employees adapt to the new environment as quickly as possible. In addition, the Group also provides online mental health tests and mental health knowledge learning to help employees identify and pay attention to their own health and emotional conditions. These services are designed to support employees and enable them to better adapt to the challenges of plant relocation and new environments.



▶ Third-tier Cultural Model Award Ceremony



▶ Workshop First-tier Cultural Model Award Ceremony



▶ Employee wish wall

## Canteen Management

In 2023, after the Group relocated to the new factory, the canteen facilities and environment were also improved and were well received by employees.



▶ New canteen is neat and clean

In 2023, the Administrative Division supervised the canteen management in compliance with high standards of TCL CSOT. The main measures were as follows:

- 1) Listening to employee needs: The Administrative Division conducted satisfaction surveys every quarter and actively improved issues raised by employees;
- 2) Standardisation of canteen management: The Administrative Division inspected the canteen twice or more daily to supervise and ensure that the canteen has been operated according to food hygiene management standards;
- 3) Adjustment of menu: The canteen menu is changed from time to time and will be improved based on employees' opinions. During the Review Period, a total of six cuisine series were changed and 51 new dishes were launched;
- 4) Canteen and restaurant renovation and upgrade: Food conservation has been promoted in the canteen; wash basins were decorated, the recycling dining area was renovated, and stall advertisements were posted;
- 5) Food activities: A total of five food events were held throughout the Review Period, with a total of 2,010 participants, representing an increase of 45.6% compared to the corresponding period in 2022.





# Employee Report

## Accommodation Management

In 2023, the new factory dormitories of the Group commenced operation, with a total area of 24,600 square meters, representing an increase of 64% from the corresponding period in 2022. The new dormitory is well designed, spacious and bright. In addition to the significant physical improvement in the dormitories, the services provided by the Administrative Division have also improved:

Upgrade of dormitory facilities:

1. The dormitories are built with elevators to facilitate employee access;
2. Each dormitory is equipped with a separate balcony, toilet and bathroom;
3. Curtains are installed in each dormitory to enable night shift employees to sleep comfortably during the day and to protect employee privacy;
4. The entire dormitory area is equipped with WIFI network, allowing employees to access the Internet for free;
5. Each dormitory is equipped with a QR code to facilitate employees to check water and electricity bills and provide feedback on problems at any time. From June to December 2023, the Administrative Division received a total of 169 feedback reports through QR codes, and most of the feedback reports were handled within two hours by designated personnel.



▶ Dormitory exterior



▶ Dormitory interior



▶ Dormitory interior: Elevators with lovely decorations



▶ Dormitory interior: Elevator lobby

The Administrative Division heartfully decorates the factory areas, and various floral decorations and trendy words of care make employees feel warm.



▶ Delivering positive messages



▶ "Rabbits" on the tree



▶ Popular photo spot of China Display

During the Review Period, the Group repaired, cleaned and replaced furniture in dormitories. Details were as follows:

1. Dormitory maintenance and improvement: We have carried out 1,457 dormitory maintenance and improvement projects, including repairing damaged facilities, replacing broken furniture, etc., to ensure that the functionality and comfort of the dormitories are enhanced.
2. Cleaning of air conditioners in dormitories: In order to keep the air in the dormitories fresh, the Administration Division arranged to clean 200 air conditioners in the dormitories to ensure the comfort and health of the employees' living environment.

In addition, the Administrative Division conducts dormitory inspections every day, supervises employees to organise housekeeping, and conducts inspections and rewards. During the Review Period, the Administrative Division conducted a total of 363 dormitory safety and health inspections and held two dormitory evaluation activities. During the evaluation, a total of 46 outstanding dormitory staff were commended to encourage them to keep the dormitory clean and safe.

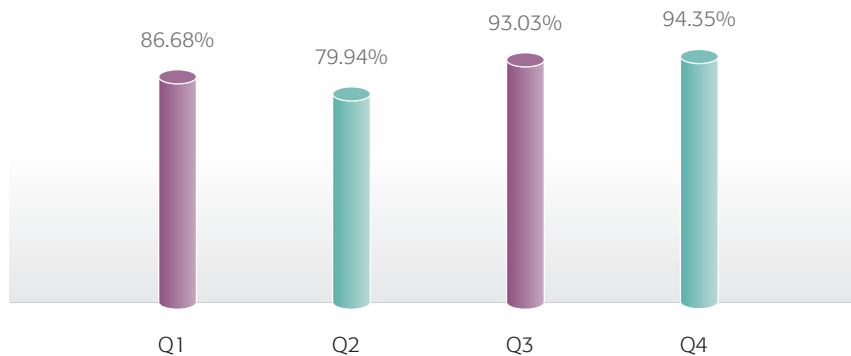
Through these initiatives, the Group is committed to providing a good dormitory environment and ensuring that employees' living conditions are safe, comfortable and hygienic. These efforts allow us to provide our employees with a livable home that promotes their well-being.

## Major inspections of the Administrative Division



In 2023, the Administrative Division conducted a total of four dormitory satisfaction surveys and follow-up visits on a quarterly basis to collect employee feedback and appeals and make corresponding improvements. During the Review Period, the Administration Division received a total of 5,981 valid responses. The average satisfaction rate for the dormitories reached 88.5% throughout the year, and the average satisfaction rate in the second half of the year exceeded 90%.

## The average satisfaction rate for the dormitories



In 2023, the Administrative Division launched warm-hearted activities in the dormitories:



▶ Welcoming employees in the morning



▶ Delivering milk

Through these activities, the Administrative Division intends to bring a warm and pleasant work experience to employees, while enhancing cohesion and a sense of belonging among them.

## Labour Union Development and Cultural and Leisure Activities

The Group's labour union was established in May 2005 with the aim of standardising and streamlining the process to protect the legitimate rights and interests of all employees. The labour union attaches great importance to the physical and mental health of employees. In order to enrich the spare time of employees, the labour union set up various interest groups, such as badminton and Excel learning groups. The groups carry out various activities on a regular basis. The Group believes that our employees will feel the love and vitality of the Company through the various cultural activities organised by the labour union and will thus enhance their sense of cohesion and belonging. As at 31 December 2023, substantially all of the permanent employees have joined the labour union.



▶ Cultural activities in June 2023:  
Cultural Puzzle Event



▶ Cultural activities in June 2023:  
Quiz game with prizes

In 2023, the labour union spent a total of approximately RMB240,000 in a variety of activities, including fun sports games, yoga, basketball, badminton, fishing, employee skills competitions, etc. The activities covered all employees, of which approximately 500 employees participated in the badminton game.

In order to enrich employees' spare time, the Group has built professional basketball courts in factory dormitory areas. The basketball game, which has been a favourite ball game among employees, enhanced their cohesion. The "Feiyue Cup" basketball game was held by the Company in September 2023. A total of 80 employees participated in the game. The Equipment Department won the championship.



▶ Badminton game in 2023



▶ "Feiyue Cup" basketball game in September 2023

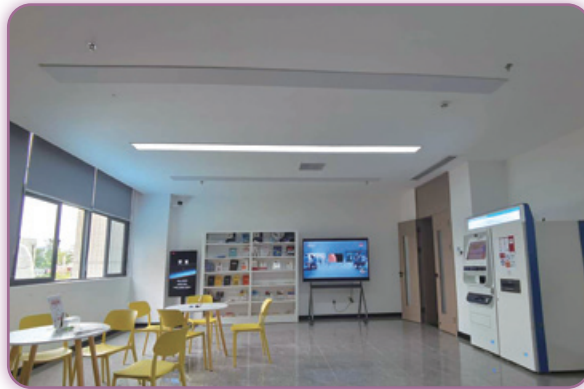


# Employee Report

## Employee Benefits

In compliance with national laws and regulations on labour, social security and other aspects concerning human resources, the Group not only grants employees statutory benefits, including “five kinds of insurance and one fund”, social insurance, marriage and compassionate leave and maternity leave, but also offers them special allowances, including care allowances for employees with disabilities and children education allowances for employees. The Group believes that comprehensive welfare system enables employees to feel more secured at work.

In 2023, the Group set up the Human Resources Shared Services Centre (“HRSSC”) in the office premises to serve employees more efficiently. The centre is divided into five areas including inquiry area, self-service area, reading area, publicity area and office area. In the shared service centre, the employees can use the “Bay Area General Government Affairs Convenient Self-Service Terminal” to enjoy 263 government services such as social security, taxation, provident fund, etc. It can help the employees to save time and effort in dealing with government matters, and they especially praise it.



► Spacious and comfortable HRSSC



► An employee is using HRSSC

The Group attaches great importance to employees’ holiday welfare. The Group’s Human Resources Administration Department and the labour union have jointly carried out the following activities: During the Review Period, the Group held six birthday parties and gave away 1,581 birthday gifts. The Group also sent blessings and exquisite gifts on Women’s Day, Teachers’ Day and traditional festivals, so that employees can feel valued, respected and cared for.



► Gifts for Women’s Day



## 7.1 INTEGRITY POLICY

Honesty in operation is the foundation of corporate social responsibility and the basis of business sustainability. The Group always adheres to business ethics, guards against all kinds of commercial frauds and practices that go against fair competition, maintains a “zero tolerance” attitude towards integrity issues (including but not limited to bribery, extortion, fraud and money laundering) and strengthens the integrity system in strict accordance with relevant laws and regulations including the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Anti-Money Laundering Law of the PRC, the Anti-Terrorism Law of the PRC, and the Interim Provisions on the Prohibition of Commercial Bribery (State Administration for Industry and Commerce Order No. 60).

During the Review Period, there were no legal cases regarding corrupt practices brought against or concluded in respect of the Group or its employees. During the Review Period, in addition to establishing a sound internal control mechanism, the Group was reviewed from time to time by the audit centre of TCL Technology and the external auditor in terms of, among other things, abuse of power, abuse of power for personal gain, illegal related party transactions, bribery, gifts and commercial entertainment, so as to effectively prevent corrupt practices.

In an effort to facilitate the Company’s integrity management in business activities, the Group has formulated the Integrity Management Policy which defines the Company’s integrity requirements, identifies employees in high-risk positions, sets out provisions on how to deal with violations of integrity rules, regulates employees’ integrity practices, and guides employees to act according to the law and consciously resist unfair competition, with a view to promoting the healthy and sustainable development of the Company. The Company has also consolidated, codified and adopted the Anti-corruption Policy (available on the Company’s website at [www.cdoth8.com](http://www.cdoth8.com)) with effect from 1 January 2022 to set out guiding principles on anti-corruption issues such as bribery, acceptance and offer of advantages, conflict of interest and anti-money laundering. The Group requires all employees to sign the Employee Integrity Commitment, thus enhancing their awareness of integrity. Directors also actively take part in integrity training and consciously abide by integrity requirements. The Group will also provide anti-corruption training to its directors and staff from time to time.



# Integrity Report

In 2023, the Group carried out clean governance measures under the theme of “Promoting Honesty and Advocating Integrity” to guide employees to practice integrity and self-discipline and consciously fulfill the “Integrity Commitment” in their daily work. The Group also prohibits corruption and dishonesty related to suppliers, at all times observes the principles of “no nepotism, no bribery, no gifts, no jerry-building, no deception, no commercial fraud and keeping promises”, and improved directors’ and employees’ understanding and awareness of “Promoting Honesty and Advocating Integrity” through posters and training activities. The Group organises all employees to conduct self-examination on integrity and make self-examination reports on their own integrity behavior and related transactions.

In 2023, the Group organised online training courses on promotion of anti-corruption and integrity for all employees of the Group. Meanwhile, the Group distributed online learning materials provided by the Hong Kong Independent Commission Against Corruption to all directors for their online study. In addition, the Group has extended the management of social responsibility such as anti-corruption to its supply chain, and requires all suppliers to sign the Letter of Integrity Commitment for Related Parties, which covers prohibition of bribery, anti-corruption, and prevention of unfair business practices. Starting from 2021, the Group has reviewed the social responsibility performance (including anti-corruption) when introducing new suppliers or conducting the annual supplier review of major suppliers.

During the Review Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

## 7.2 WHISTLE-BLOWING POLICY

The Group is committed to upholding high standards of integrity, transparency and accountability, and believes that an effective whistle-blowing system can help detect and deter improprieties within the Group. To ensure the fulfillment of its commitments, the Group has specified the whistle-blowing process in the Employee Relations Management Process, and formulated the Whistle-Blowing Policy (available on the Company’s website at [www.cdoth8.com](http://www.cdoth8.com)) to encourage employees and third parties to report misconducts in relation to the Group. Methods for filing complaints are set out in the Whistle-Blowing Policy and Employee Relations Management Process issued by the Group. Whistleblowers can report misconducts to the head of the Audit Department or the chairperson of the Audit Committee of the Group via email or telephone. The Group will handle relevant reports in accordance with the Employee Relations Management Process and Whistle-Blowing Policy, and will review and update its Whistle-Blowing Policy from time to time.



The Group is committed to giving back to society by engaging in public welfare activities, it strives to contribute to community development and regards community service as an important part of its sustainable development. In 2023, the Group actively implemented its internal policy on Regulations on the Management of Public Welfare Activities by visiting a number of public welfare organisations in the communities and the superior management units of volunteer teams to proactively respond to the public welfare needs of the communities; and cooperated with various public welfare organisations to organise and plan public welfare activities with different themes (including environment protection, showing loving care for teenagers, plogging events and community cultural dissemination, etc.) to fulfill its corporate responsibility. The Group's business activities, as well as all of the resources and services provided by the Group, support the concept of sustainable development and are in the interest of the community.

During the Review Period, the Group's volunteer team co-operated with volunteer groups in Zhongkai, Huizhou in carrying out five public welfare volunteer activities, such as garbage collection, loving care for teenagers, community cultural dissemination, community plogging and loving care for the disabled. The Group contributed 248 hours of volunteer services in total during the Review Period. The conscientiousness and good service attitude of our volunteer team were highly praised by the organisers of the activities.

The volunteers of the Group have co-operated with public welfare organisations in Huizhou in tree planting, community sanitation and garbage collection on many occasions.



## Social Welfare Events

### Planting for Environmental Protection

The Group joined hands with public welfare organisations in Huizhou to carry out community cultural dissemination activities among families of employees and communities, appealing to the public to pay attention and care to the community and environment, and inherit community culture. During the Review Period, the Group also, from time to time, donated public welfare supplies to New Era Civilization Practice Center\* (新時代文明實踐中心) and public welfare volunteer teams in the community.



▶ China Display Party Branch donated money to plogging volunteer team of Zhongkai district



▶ Impression TCL youth adventure street visit activity in August 2023



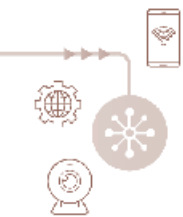
▶ Planting for Environmental Protection



The following indicators take into account the mandatory disclosure requirements and “comply or explain” provisions under the Guide, relevant data of which are set out in this report.

### 9.1 MANDATORY DISCLOSURE REQUIREMENTS

Description	Disclosure section
<p><b>Governance Structure</b></p> <p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> <li>(i) a disclosure of the board’s oversight of ESG issues;</li> <li>(ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and</li> <li>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses.</li> </ul>	2.1 Statement of the Board



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

Description	Disclosure section
<p><b>Reporting Principles</b></p> <p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	<p>2.3 Basis of Preparation</p> <p>3.3 Communication with Stakeholders and Analysis of Material Issues</p>
<p><b>Reporting Boundary</b></p> <p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>2.2 Reporting Scope</p>

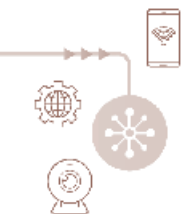


# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

## 9.2 “COMPLY OR EXPLAIN” PROVISIONS

### SUBJECT AREAS, ASPECTS, GENERAL DISCLOSURES AND KPIS

		Disclosure section
<b>A. Environmental</b>		
Aspect A1: Emissions	General Disclosure	
	Information on:	5.2 Emissions Reduction
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	
	<i>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations.</i>	
	<i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i>	
	<i>Hazardous wastes are those defined by national regulations.</i>	
KPI A1.1	The types of emissions and respective emissions data.	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 Emissions Reduction 9.3 Summary of ESG Performance Indicators
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	5.2 Emissions Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	5.2 Emissions Reduction



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

		Disclosure section
Aspect A2: Use of Resources	General Disclosure	
	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1 Energy and Resources Conservation
	<i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.1 Energy and Resources Conservation 9.3 Summary of ESG Performance Indicators
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	5.1 Energy and Resources Conservation 9.3 Summary of ESG Performance Indicators
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	5.1 Energy and Resources Conservation
Aspect A3: The Environment and Natural Resources	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	5.1 Energy and Resources Conservation
	KPI A2.5 Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	5.1 Energy and Resources Conservation 9.3 Summary of ESG Performance Indicators
	General Disclosure	
Aspect A3: The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	5.1 Energy and Resources Conservation
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.1 Energy and Resources Conservation
Aspect A4: Climate Change	General Disclosure	
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.3 Impact of Climate Change
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.3 Impact of Climate Change



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

## Disclosure section

### B. Social

#### Employment and Labour Practices

Aspect B1: Employment	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>	<p>6.2 Employment 6.4 Employee Care and Communication</p>
KPI B1.1	Total workforce by gender, employment type (such as fulltime or part-time), age group and geographical region.	6 Employee Report 9.3 Summary of ESG Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	6 Employee Report 9.3 Summary of ESG Performance Indicators
Aspect B2: Health and Safety	<p>General Disclosure Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	6.1 Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	6.1 Health and Safety 9.3 Summary of ESG Performance Indicators
KPI B2.2	Lost days due to work injury.	6.1 Health and Safety 9.3 Summary of ESG Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.1 Health and Safety



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

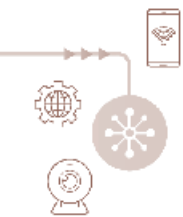
			Disclosure section
Aspect B3: Development and Training	General Disclosure		
		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	6.3 Development and Training
		<i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	6.3 Development and Training 9.3 Summary of ESG Performance Indicators
	KPI B3.2	The average training hours completed per employee by gender and employee category.	6.3 Development and Training 9.3 Summary of ESG Performance Indicators
Aspect B4: Labour Standards	General Disclosure		
		Information on:	6.2 Employment
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	6.2 Employment
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	6.2 Employment



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

Disclosure section			
<b>Operating Practices</b> Aspect B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	4.6 Managing Environmental and Social Risks in the Supply Chain
	KPI B5.1	Number of suppliers by geographical region.	4.5 Supply Chain Management 9.3 Summary of ESG Performance Indicators
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.5 Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.6 Managing Environmental and Social Risks in the Supply Chain
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.6 Managing Environmental and Social Risks in the Supply Chain
Aspect B6: Product Responsibility	General Disclosure	Information on:	4.4 Quality Control
		(a) the policies; and	
		(b) compliance with relevant laws and regulations that have a significant impact on the issuer	
		relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.4 Quality Control 9.3 Summary of ESG Performance Indicators
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	4.3 Market and Customers
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Technology Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	4.4 Quality Control	
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.4 Quality Control	





# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

		Disclosure section	
Aspect B7: Anti-corruption	General Disclosure		
	Information on:	7.1 Integrity Policy	
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to bribery, extortion, fraud and money laundering.		
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	7.1 Integrity Policy 9.3 Summary of ESG Performance Indicators	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	7.1 Integrity Policy 7.2 Whistle-Blowing Policy	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	7.1 Integrity Policy	
<b>Community</b>			
Aspect B8: Community Investment	General Disclosure		
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8 Social Welfare Events	
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8 Social Welfare Events
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	8 Social Welfare Events 9.3 Summary of ESG Performance Indicators



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

## 9.3 SUMMARY OF ESG PERFORMANCE INDICATORS

KPIs	Unit	2023	2022
<b>A. Environmental</b>			
<b>A1: Emissions</b>			
<b>A1.1 The types of emissions and respective emissions data</b>			
Total NO <sub>x</sub> emissions	kg	<b>6.25</b>	6.51
Total SO <sub>x</sub> emissions	kg	<b>53.65</b>	50.53
Total emissions of RSP or PM	kg	<b>6.03</b>	6.26
<b>Emissions Data from Gaseous Fuel Consumption</b>			
NO <sub>x</sub>	kg	<b>6.03</b>	6.26
SO <sub>x</sub>	kg	<b>0.03</b>	0.03
RSP or PM	kg	<b>6.03</b>	6.26
<b>Emissions Data from Vehicles</b>			
NO <sub>x</sub>	kg	<b>0.22</b>	0.25
SO <sub>x</sub>	kg	<b>53.62</b>	50.50
<b>A1.2 Total Greenhouse gas (GHG) emissions and intensity</b>			
<b>Total GHG emissions</b>	tonne CO <sub>2</sub> e	<b>141,570</b>	40,481
<b>Scope 1 – Direct GHG emissions</b>	tonne CO <sub>2</sub> e	<b>432</b>	412
(including GHG emissions directly generated from operations that are owned or controlled by the Company. (For example: electricity generators, boilers, gas cooking stoves, motor vehicles and ships, refrigeration and air conditioning equipment, etc.))			
<b>Scope 2 – Energy indirect GHG emissions</b>	tonne CO <sub>2</sub> e	<b>22,627</b>	15,487
(including “energy indirect” GHG emissions caused by the Company’s internal consumption of electricity, heating, cooling and steam (purchased or acquired))			
<b>Scope 3 – Energy indirect GHG emissions</b>	tonne CO <sub>2</sub> e	<b>118,511</b>	24,582
(GHG emissions that occur within the company’s value chain and fall outside Scope 2, including emissions from upstream suppliers and downstream customers. Such emissions originate from sources not owned or controlled by the Company)			
Scope 1 – Direct GHG emissions intensity in terms of sales volume	g CO <sub>2</sub> e/unit	<b>9.1</b>	7.6
Scope 2 – Energy indirect GHG emissions intensity in terms of sales volume	g CO <sub>2</sub> e/unit	<b>474.9</b>	285.7
Scope 3 – Energy indirect GHG emissions intensity in terms of sales volume	g CO <sub>2</sub> e/unit	<b>2,487.3</b>	453.5

# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

KPIs	Unit	2023	2022
<b>A1.3 Total hazardous waste produced and intensity</b>			
<b>Total hazardous waste</b>	tonne	<b>2.15</b>	1.74
Empty Bucket	tonne	<b>0.30</b>	0.22
Waste oil	tonne	<b>0.98</b>	0.79
Sludge	tonne	<b>0.26</b>	0.42
Waste activated carbon	tonne	<b>0.15</b>	0.03
Others	tonne	<b>0.46</b>	0.28
Hazardous waste emissions intensity in terms of sales volume	g/unit	<b>0.05</b>	0.03
<b>Industrial wastewater consumption</b>			
Industrial wastewater consumption intensity in terms of sales volume	g/unit	<b>512.31</b>	440.75
<b>A1.4 Total non-hazardous waste produced and intensity</b>			
<b>Total non-hazardous waste</b>	tonne	<b>311</b>	216
Total non-hazardous waste emissions intensity in terms of sales volume	g/unit	<b>6.53</b>	3.99
<b>Total recyclable waste</b>			
Paper Box	tonne	<b>302.00</b>	423.99
Plastics	tonne	<b>606.79</b>	207.59
Plastic foam	tonne	<b>7.51</b>	7.04
Others	tonne	<b>5.00</b>	6.53
<b>A2: Use of Resources</b>			
<b>A2.1 Total energy consumption and intensity</b>			
<b>Direct energy consumption</b>			
Diesel	tonne	<b>5.10</b>	3.44
Gasoline	tonne	<b>2.03</b>	0.00
Gasoline	tonne	<b>3.07</b>	3.44
Direct energy consumption intensity in terms of sales volume	g/unit	<b>0.11</b>	0.06
<b>Indirect energy consumption</b>			
Indirect energy consumption intensity in terms of sales volume	Kwh('000)	<b>39,502</b>	29,382
Indirect energy consumption intensity in terms of sales volume	Kwh/unit	<b>0.83</b>	0.54
<b>A2.2 Water consumption and intensity</b>			
Total water consumption	tonne	<b>269,389</b>	221,534
Water consumption intensity in terms of sales volume	g/unit	<b>5,654</b>	4,087
<b>A2.5 Packaging material used for finished products</b>			
Packaging material	tonne	<b>1,890</b>	1,927
Paper Box	piece	<b>417,916</b>	518,590
Plastic foam(EPS)	piece	<b>169,105</b>	80,009
Packaging material intensity in terms of sales volume	g/unit	<b>39.67</b>	35.56
<b>A3: The Environment and Natural Resources</b>			
Annual investment for environmental protection	RMB	<b>1,044,796</b>	1,044,660



# Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

KPIs	Unit	2023	2022
<b>B. Social</b>			
<b>B1: Employment</b>			
<b>B1.1 Total workforce</b>			
<b>Total workforce</b>	person	<b>3,219</b>	2,061
<b>Total workforce by gender</b>			
Male	person	<b>2,127</b>	1,214
Female	person	<b>1,092</b>	847
<b>Total workforce by employment type</b>			
Full-time	person	<b>3,219</b>	2,061
Part-time	person	<b>0</b>	0
<b>Total workforce by age group</b>			
Aged 18-30	person	<b>2,233</b>	1,134
Aged 31-50	person	<b>976</b>	921
Aged 51 or above	person	<b>10</b>	6
<b>Total workforce by geographical region</b>			
Mainland China	person	<b>3,217</b>	2,059
Hong Kong/Macau/Taiwan	person	<b>2</b>	2
<b>Total workforce by position</b>			
Senior Management	person	<b>7</b>	6
Middle Management	person	<b>330</b>	337
General Staff	person	<b>2,882</b>	1,718
<b>B1.2 Employee turnover rate</b>			
<b>Number of employees left</b>	person	<b>95</b>	192
<b>Number of employees left by gender</b>			
Male	person	<b>63</b>	145
Female	person	<b>32</b>	47
<b>Number of employees left by age group</b>			
Aged 18-30	person	<b>79</b>	164
Aged 31-50	person	<b>16</b>	27
Aged 51 or above	person	<b>0</b>	1
<b>Number of employees left by geographical region</b>			
Mainland China	person	<b>95</b>	192
Hong Kong/Macau/Taiwan	person	<b>0</b>	0
<b>Employee turnover rate</b>	%	<b>2.87%</b>	8.52%
<b>Employee turnover rate by gender</b>			
Male	%	<b>2.88%</b>	10.67%
Female	%	<b>2.85%</b>	5.26%
<b>Employee turnover rate by age group</b>			
Aged 18-30	%	<b>3.42%</b>	12.63%
Aged 31-50	%	<b>1.61%</b>	2.85%
Aged 51 or above	%	<b>0.00%</b>	14.29%
<b>Employee turnover rate by geographical region</b>			
Mainland China	%	<b>2.87%</b>	8.53%
Hong Kong/Macau/Taiwan	%	<b>0.00%</b>	0.00%

KPIs	Unit	2023	2022
<b>B2: Health and Safety</b>			
<b>B2.1 Number and rate of work-related fatalities occurred over the past three years</b>			
Number of work-related fatalities occurred	person	0	0 (0 for year 2020 and 2021)
Rate of work-related fatalities occurred	%	0	0 (0 for year 2020 and 2021)
<b>B2.2 Lost days due to work injury</b>			
Lost days due to work injury	day	78	0
<b>B3: Development and Training</b>			
<b>B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)</b>			
<b>Total number of employees trained</b>	person	<b>3,219</b>	2,061
<b>Total number of employees trained by gender</b>			
Male	person	<b>2,127</b>	1,214
Female	person	<b>1,092</b>	847
<b>Total number of employees trained by employee category</b>			
Senior management	person	<b>7</b>	6
Middle management	person	<b>330</b>	337
General staff	person	<b>2,882</b>	1,718
The percentage of employees trained	%	<b>100%</b>	100%
<b>The percentage of all employees trained by gender</b> <sup>note</sup>			
Male	%	<b>100%</b>	100%
Female	%	<b>100%</b>	100%
<b>The percentage of all employees trained by employee category</b> <sup>note</sup>			
Senior management	%	<b>100%</b>	100%
Middle management	%	<b>100%</b>	100%
General staff	%	<b>100%</b>	100%

Note: For more meaningful disclosure, the percentage is calculated as follows: percentage of employees trained in the specified category (e.g. by gender or by employee category) equals to number of employees in the specified category who took part in training divided by number of employees in the specified category.



KPIs	Unit	2023	2022
<b>B3.2 The average training hours completed per employee by gender and employee category</b>			
<b>Total training hours</b>			
Total training hours for all employees	hour	<b>142,338</b>	190,137
<b>Total training hours by gender</b>			
Total training hours for male employees	hour	<b>90,299</b>	134,066
Total training hours for female employees	hour	<b>52,039</b>	56,071
<b>Total training hours by employee category</b>			
Total training hours for senior management	hour	<b>151</b>	105
Total training hours for middle management	hour	<b>16,652</b>	3,033
Total training hours for general staff	hour	<b>125,535</b>	186,999
<b>Average training hours</b>			
Average training hours for all employees	hour	<b>44</b>	92
<b>Average training hours, by gender</b>			
Average training hours for male employees	hour	<b>42</b>	110
Average training hours for female employees	hour	<b>48</b>	66
<b>Average training hours, by employee category</b>			
Average training hours for senior management	hour	<b>22</b>	17
Average training hours for middle management	hour	<b>50</b>	9
Average training hours for general staff	hour	<b>44</b>	109
<b>B4: Labour Standards</b>			
<b>B4.1 Avoid child and forced labour</b>			
Child labour or forced labour	person	<b>0</b>	0
<b>B5: Supply Chain Management</b>			
<b>B5.1 Number of suppliers by geographical region</b>			
Total number of suppliers	number	<b>202</b>	153
Mainland China	number	<b>171</b>	128
Hong Kong/Macau/Taiwan	number	<b>31</b>	25
Overseas	number	<b>0</b>	0
<b>B6: Product Responsibility</b>			
<b>B6.1 Products subject to recalls for safety and health reasons</b>			
Percentage of products sold or shipped subject to recalls for safety and health reasons	%	<b>0</b>	0
<b>B6.2 Number of products and service related complaints</b>			
Number of products and service related complaints received	number	<b>0</b>	0



## Content Index of the Environmental, Social and Governance Reporting Guide of the Stock Exchange

KPIs	Unit	2023	2022
<b>B7: Anti-corruption</b>			
<b>B7.1 Number of concluded legal cases regarding corrupt practices</b>			
Number of corruption cases	number	0	0
Number of concluded legal cases regarding corruption brought against the Company or its employees	number	0	0
<b>B7.3 Anti-corruption training</b>			
the signing rate for "Employee Integrity Commitment"	%	100%	100%
Anti-corruption training hours	hour	611	696
Number of anti-corruption training session	number	2	2
<b>B8: Community Investment</b>			
<b>B8.2 Resources contributed (e.g. money or time) to the focus area</b>			
Donations Value	RMB	5,000	9,900
Volunteer hours	hours	248	353
Volunteers	person	43	35

The English translation of Chinese name(s) or word(s) in this announcement, where indicated by "\*", is included for information purpose only, and should not be regarded as the official English translation of such Chinese name(s) or word(s).