



# S.A.S. Dragon Holdings Limited

(Incorporated in Bermuda with limited liability)  
(Stock Code: 1184)

## Environmental, Social and Governance Report 2023

# SAS



This Annual Report is printed on environmentally friendly paper

# Environmental, Social and Governance Report

S.A.S. Dragon Holdings Limited (the “Company”) together with its subsidiaries (the “Group” or “we” or “our” or “us”) is a leading ELECTRONIC SUPPLY CHAIN SERVICES PROVIDER in the Greater China region. The Group specializes in design, development, sourcing, quality assurance and logistics management of global proprietary electronic components and semiconductor products including chipset solutions, display panels, memory chips, power supply system solutions, multimedia system solutions, PEMCO, IoT home automation solutions, light-emitting diode (“LED”) lighting solutions and other premier solutions for a wide range of applications for mobile, consumer electronics, computer and networking and telecommunication and LED lighting and display products. According to Gartner’s data, in terms of revenue, the Group is ranked as one of the top 9 global semiconductor distributors and the top China cum Hong Kong based semiconductor distributor in 2021 and ranked as top 12 global semiconductor distributor in 2022 and 2023.

## REPORTING PERIOD, FRAMEWORK, PRINCIPLES AND SCOPE

The board (the “Board”) of directors (the “Director(s)”) of the Group is pleased to present this environmental, social and governance report (the “Report”) which sets out matters relating to the environmental, social and governance (“ESG”) of the Group for the period from 1 January 2023 to 31 December 2023 (the “Reporting Period” or “2023”).

The Report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This Report follows the reporting principles in the ESG Guide:

“Materiality”: In defining the material ESG issues that are relevant to the Group’s business and stakeholders, we maintain communication with internal and external parties to understand their expectations and suggestions. We continue to engage closely with our stakeholders, including employees, investors, customers, suppliers, local government agencies and organisations, regardless of whether they are affected by our operations or have a significant impact on our operations.

“Quantitative”: The Group has established internal guidelines and procedures with reference to industry practices, guidelines of exchanges or relevant government departments, as well as laws and regulations, to collect environmental and social performance data from various business departments, and to keep relevant monitoring instruments records or supporting documents. Please refer to the relevant sections in the Report for the standards, methodologies and assumptions (where applicable) for the calculation of performance data.

“Balance”: We aim to keep our report balanced and make fair disclosures on critical aspects of our performance, both in terms of progress made and continuing challenges that we are dealing with.

“Consistency”: Except for the changes in the scope of this Report due to the change in operation, the disclosure and statistical methods of this Report are consistent with those of last year, and the same data statistics and conversion methods are used. Relevant historical data have been disclosed in this Report to enable stakeholders to better understand and compare the Group’s sustainability performance.

Unless otherwise specified, the environmental key performance indicators (“KPIs”) of the Report covers the Group’s operations in relation to (i) the sales of electronic components and semiconductors and (ii) distribution of business equipment and provision of related ancillary services in Hong Kong and Mainland China (the “Reporting Scope”) as they contributed over 90% of the Group’s revenue; while the social KPIs of the Report covers all subsidiaries of the Group.

# Environmental, Social and Governance Report

## COMMUNICATION WITH STAKEHOLDER

The Group strives to accommodate views and interests of stakeholders (including but not limited to shareholders, customers, employees, suppliers, regulatory authorities and the public) through constructive communications with them to determine the direction of the Group's long-term development and maintain close relationships with stakeholders. The financial performance of the Group are summarised in the Group's interim report and annual report and reported to investors through the Group's official website ([www.sasdragon.com.hk](http://www.sasdragon.com.hk)).

Stakeholders	Possible issues of concern	Communication channels
The Board	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Regulatory compliance</li> <li>• Financial performance</li> <li>• Strategic development</li> </ul>	<ul style="list-style-type: none"> <li>• Board meetings</li> <li>• Committee meetings</li> <li>• Annual general meeting</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>• Compliance with laws and regulations</li> <li>• Corporate governance system</li> <li>• Business strategies and performance</li> <li>• Investment returns</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meeting and other shareholder meetings</li> <li>• Financial reports</li> <li>• Press releases and circulars</li> <li>• Company website and email</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Good customer service</li> <li>• High-quality control</li> <li>• Customer's right</li> <li>• Business integrity and ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from front-line employees</li> <li>• Interim and annual reports, corporate websites</li> <li>• Routine communications</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Remuneration and compensation</li> <li>• Career development</li> <li>• Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Training activities and seminars</li> <li>• Employee notice boards</li> <li>• Staff appraisals</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Payment schedule</li> <li>• Stable demand</li> <li>• Fair and open tendering</li> </ul>	<ul style="list-style-type: none"> <li>• Emails</li> <li>• Regular assessment of suppliers' performance</li> <li>• Supplier management meetings and events</li> <li>• On-site visits</li> <li>• Tendering process</li> </ul>
Regulatory bodies and government authorities	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Prevention of tax evasion</li> <li>• Social welfare</li> <li>• Sustainable development</li> <li>• Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Interaction and visits</li> <li>• Company website</li> </ul>
Media, community and the public	<ul style="list-style-type: none"> <li>• Environmental protection</li> <li>• Employment and community development</li> <li>• Social welfare</li> </ul>	<ul style="list-style-type: none"> <li>• the Report</li> <li>• Media</li> </ul>

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

# Environmental, Social and Governance Report

## GOVERNANCE STRUCTURE

While the Group is committed to creating value for its shareholders, it also strives to fulfill its corporate social responsibility. The Board is ultimately responsible for overseeing the Group's corporate governance and overall ESG management approach. The Board plays a supervisory role in collecting data, drafting and reviewing the Report. Information on the Group's governance structure is set out in the corporate governance report attached in the Annual Report 2023.

The Board is also responsible for ensuring the effectiveness of the Group's risk management and internal control mechanisms. To develop a systematic management approach for ESG issues, the Group has arranged designated personnel from various departments to manage the Group's ESG matters as a working group. The working group is responsible for collecting relevant information on the ESG aspects for the preparation of the Report. It periodically reports to the Board, assists in identifying and assessing the Group's ESG risk, and evaluates the implementation and effectiveness of the Group's internal control system, to evaluate, prioritise and manage material ESG-related issues. It also examines and reviews the Group's ESG performance against the Group's ESG-related goals and targets, including environmental, labour practices, and other ESG aspects.

### A. ENVIRONMENTAL

The Group strives to protect the environment through the implementation of control activities and monitoring measures in its business activities and workplace. We are committed to promoting a green environment by introducing environmentally friendly business practices, educating our employees to enhance their awareness on environmental protection and complying with the relevant environmental laws and regulations.

In order to mitigate the environmental impacts produced by the Group's operation, we have adopted and implemented relevant environmental policies. These policies apply the emission mitigation principle as well as the waste management principle of "Reduce, Reuse, Recycle and Replace", with the objectives of minimising the adverse environmental impacts and ensuring the emission being generated or waste disposed are managed in an environmentally responsible manner.

During the Reporting Period, the Group did not identify any material non-compliance with related environmental laws and regulations, including but not limited to the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC, and the Air Pollution Control Ordinance of Hong Kong that would have a significant impact on the Group.



# Environmental, Social and Governance Report

## A1. Emissions

### ***Air emissions***

The Group's major sources of exhaust gas emissions were originated from petrol and diesel consumed by vehicles and town gas cooking for cafeteria. Thus, the Group has developed clear guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educates employees to turn off engines for idling vehicles, and conducts regular vehicle inspections and maintenance to enhance vehicle efficiency. With more efficient use of vehicles, the air emissions performances have improved during the Reporting Period from 2022. The air emissions performances were as follows:

<b>Types of exhaust gases</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>
Nitrogen Oxides (NOx)	g	346,046	426,042
Sulphur Oxides (SOx)	g	756	789
Particulate Matter (PM)	g	19,405	22,930

### ***Greenhouse gas ("GHG") emissions***

The major sources of the Group's GHG emissions were direct GHG emissions generated from petrol and diesel consumed by vehicles, as well as town gas cooking (Scope 1), and energy indirect GHG emissions generated from purchased electricity and town gas cooking (Scope 2). To reduce GHG emissions during operation, the Group has actively adopted energy conservation measures, which are described under aspect A2 of the Report. With more efficient use of resources, the GHG emissions intensity for the Reporting Period was approximately the same from 2022. The GHG emissions performances were as follows:

<b>Indicator<sup>1</sup></b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	133	152
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	164	168
Total GHG emissions (Scope 1 and 2)	tCO <sub>2</sub> e	297	320
Total GHG emissions intensity	tCO <sub>2</sub> e/million dollars revenue <sup>2</sup>	0.02	0.01

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and based on, including but not limited to, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, the emission factors of China's regional power grid basis in 2019, and CLP 2022 Sustainability Report.
2. During the Reporting Period, the Group's total revenue in respect to the Reporting Scope was approximately HK\$19,133.51 million (2022: approximately HK\$21,588.16 million). The data is also used for calculating other intensity data.

# Environmental, Social and Governance Report

The Group has achieved the target set in last year, which is to maintain the total GHG emission intensity level in 2023 as in 2022, due to a reduction in consumption of petrol and electricity. The Group has maintained the emission target to maintain the total GHG emission intensity level in 2024 as in 2023 (2023: approximately 0.02 tCO<sub>2</sub>e per million dollar revenue). In order to achieve this emission target, the Group has implemented a number of energy-saving measures. For measures on energy conservation and emission reduction, please refer to the section headed "Use of Resources".

## **Waste Management**

Non-hazardous solid wastes were generated in our office and warehouse during our operation. With the aim of minimising the environmental impacts of non-hazardous wastes generated from our business operations, the Group has implemented relevant measures to handle such waste and has launched different reduction initiatives. The Group encourages its employees to handle documents electronically. When the use of paper is required, documents are required to use double-sided printing. In addition, recycling bins are provided at our workplace with waste paper and used toner cartridges collected for recycling. Moreover, we arranged conference calls or video conference instead of face-to-face meetings where possible. During the Reporting Period, the total non-hazardous wastes were amounted to about 30.57 tonnes (2022: approximately 31.91 tonnes), which approximates to 1.60 tonnes per million dollars revenue.

During the Reporting Period, the Group did not generate any hazardous wastes. In any case that hazardous wastes are generated, the Group will work with licensed recycling companies and hands the hazardous electronic wastes for recycling and handling.

During the Reporting Period, the Group took necessary steps to monitor and manage the environmental effect of the operations. The Group aims to reduce the energy consumption and carbon emissions, and seeks to find less harmful ways to protect the environment in the operations. Our internal policies have complied with all the relevant laws and regulations applicable to our operations under different jurisdictions.

During the Reporting Period, the Group has disposed 3.24 tonnes of paper, with an intensity of 0.0002 tonnes per million dollars revenue. The Group has achieved the target set in last year, which is to maintain the total paper disposal intensity level in 2023 as in 2022. The Group has maintained the target for waste generation to maintain the total paper disposal intensity level in 2024 as in 2023 (2023: approximately 0.0002 tonnes per million dollars revenue). In order to achieve this waste disposal target, the Group has adopted green office practices to reduce paper consumption. The Group has implemented an electronic office system to encourage the use of electronic forms for internal communication, such as business trip application and expense reimbursement application. In addition, the Group has set double-side printing as the default mode for printers.

# Environmental, Social and Governance Report

## A2. Use of Resources

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

To create a green workplace, we encourage reducing, reusing and recycling of materials to minimise wastage during daily operations. For energy saving and GHG emission reduction, LED lamps for offices and warehouse are installed, air conditioners filters are cleaned and maintained regularly, environmental-friendly paper are used for printing financial reports and eco-friendly stationeries are used. We continue to request our employees to turn off lights and air conditioners when no staff is at the workplace, to unplug the appliances, computers, printers and equipment which are not in use, and to maintain room temperature at 25 degrees Celsius when using air conditioners during summer. In respect of the water usage, we always remind our staff to check whether the water taps are completely shut off after use even though the water may be provided by the property management offices. In view of the geographical location of the Group's operation and business nature, the Group did not encounter any issues in sourcing water.

The Group's energy and water consumption performances were as follows:

### ***Energy consumption and water consumption***

<b>Use of resources</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>
Direct energy consumption			
Unleaded petrol	kWh	229,491	252,247
Diesel	kWh	271,113	266,682
Indirect energy consumption			
Purchased electricity	kWh	580,764	315,976
Town gas	kWh	–	72,000
Total energy consumption	kWh	1,081,368	906,905
Total energy consumption intensity	kWh/million dollars revenue	56.52	42.01
Water consumption	Cubic meter	570	797
Water consumption intensity	Cubic meter/million dollars revenue	0.03	0.04

The Group has set an energy use efficiency target to maintain the total energy consumption intensity level in FY2024 as in FY2023 (2023: approximately 56.52 kWh per million dollars revenue). The Group has implemented above number of energy-saving measures in order to achieve this energy reduction target.

# Environmental, Social and Governance Report

The Group has set a water use efficiency target to maintain the water consumption intensity level in FY2024 as in FY2023 (2023: approximately 0.03 m<sup>3</sup> per million dollars revenue). The Group has implemented the water-saving measures above in order to achieve this water use efficiency reduction target.

## ***Total packaging material used***

The packaging materials for our finished products are provided by our suppliers.

### **A3. The Environment and Natural Resources**

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

The Group endeavors to comply with the applicable environmental laws and regulations and has adopted effective measures to reduce wastage. Our employees are fully aware that it is important for the operation of the Group to minimise the impact on the environment and natural resources. Our management also closely monitors the utilities consumption in different offices and encourages employees to work together to reduce utilities consumption.

To ensure that employees implement the Group's environmental protection philosophy in their daily work, all new employees are required to go through the training in environmental protection.

## ***GREEN OFFICE POLICY***

The Group has implemented a series of measures to reduce the use of office supplies:

- Implement electronic file management, encouraging employees to process documents on computers and transmit information electronically as far as possible, and reducing the printing, transmission, sorting and archiving of paper files. The number of envelopes, portfolios and brochures issued by the Group is also subject to verification and control to minimise the demand for paper;
- Categorise waste, recycle and transfer recyclable resources to qualified recyclers, various collection bins have been placed in the office for the recycling of single-sided printed paper and printer cartridges;
- Put up "Save Water" reminders in appropriate places to remind employees to reduce water consumption in their daily operations and to close the taps immediately after use so as to reduce unnecessary waste; and
- Enhance daily maintenance and management of water equipment, including regular maintenance of water mains and pipes to reduce hidden leakage.



# Environmental, Social and Governance Report

## A4. Climate Change

The Group recognises that climate change has been affecting our stakeholders, business operations and communities in different aspects. The Group strives to enhance its ability to respond to climate impacts and mitigate the risks and impacts of climate change on the Group, thereby helping the Group to adapt to and resist climate change. During the Reporting Period, the Group has been paying close attention to the impact of climate change as described below.

### **PHYSICAL RISKS**

Extreme weather caused by climate change such as typhoons and rainstorms may disrupt business operations. In order to minimise disruptions to our business operations, the Group has put in place a set of contingency measures for adverse weather conditions as well as appropriate back-up of important information to minimise the negative impact on our business.

In addition to the above, the Group is also fully aware that extreme weather conditions may endanger the health and safety of employees. Therefore, we have formulated comprehensive typhoon and rainstorm arrangements to protect the health and safety of employees in extreme weather conditions. The Group also takes into account the different situations faced by individual employees under extreme weather conditions as far as possible, such as residence, nearby roads and traffic conditions, and adopts flexible treatment methods depending on the actual difficulties and needs of employees. For example, the Group implements a flexible off-duty day schedule for employees. At the same time, under extreme weather conditions, the human resources department will remind and notify employees of the latest weather conditions through communication software or emails.

### **TRANSITION RISK**

In terms of legal risks, the Group expects that the laws and regulations related to climate change will become more stringent, such as the possibility that local governments adopt carbon tax to manage national GHG emissions. As a result, the Group may be exposed to legal risks and may have to incur higher operating costs to comply with regulatory changes. The Group has adopted a series of measures against possible legal risks. Firstly, the Group continuously monitors any changes in laws or regulations. Secondly, the Group has sought compliance advisory services to reduce legal risks. Thirdly, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing greenhouse gas emissions. As we do more than meet the compliance requirements, we can quickly adapt to the more stringent regulations that may arise.

# Environmental, Social and Governance Report

## B. SOCIAL

### B1. Employment

Employees are our valuable assets. We have developed a written staff manual to govern the discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with employment-related laws and regulations including but not limited to the Labour Law of the PRC, the Labour Contract Law of the PRC, the Company Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Standards Act of Taiwan that would have a significant impact to the Group.

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

During the Reporting Period, in order to enable employees to get a balance between work and life, the following activities were held:

#### ***Company Trip to Hong Kong for Taiwan Colleagues***



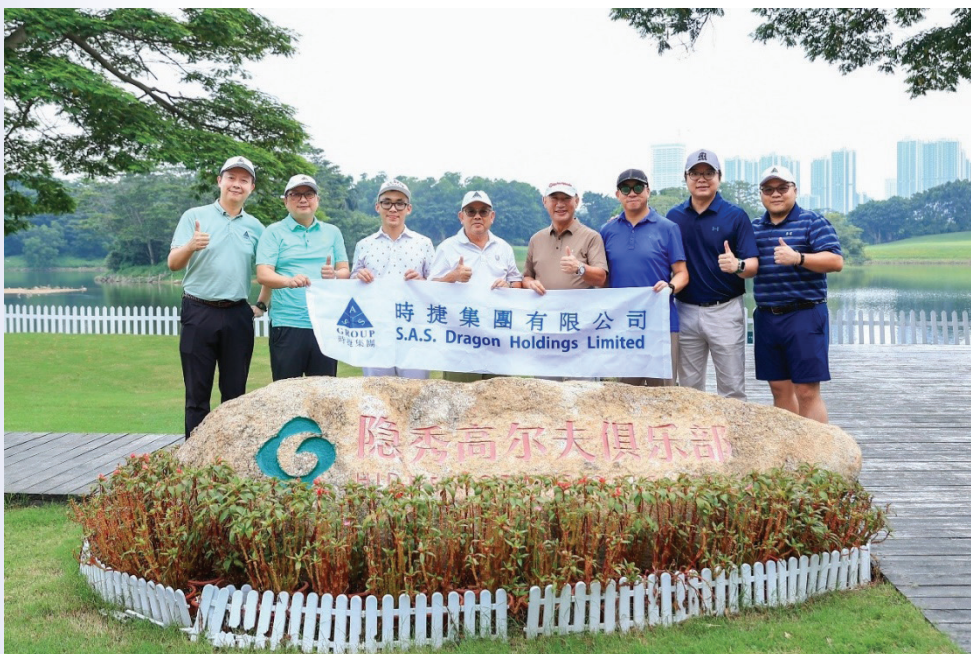


# Environmental, Social and Governance Report

**Tsuen Wan Dragon Boat Race 2023**



**S.A.S. Team Building**





# Environmental, Social and Governance Report

## S.A.S. Golf Tournament



## Yan Chai Charity Walk 2023



# Environmental, Social and Governance Report

## S.A.S. Group Sponsored Po Leung Kuk Preview Screening the "Sakra"



As at 31 December 2023, the Group had a total of 450 employees in the Greater China Region, and the distribution of employees within the Group were as follows:

Distribution of employees	2023 %
By Gender	
Male	54
Female	46
By Employment Type	
Full-time	100
Part-time	0
By Age Group	
Below 30	10
30 to 50	70
Over 50	20
By Region	
PRC	46
Hong Kong	44
Taiwan	10



# Environmental, Social and Governance Report

As at 31 December 2023, the overall employee turnover rate was 12%. The breakdown of turnover rate was as follows:

<b>Employee Turnover Rate</b>	<b>2023</b>
	<b>%</b>
By Gender	
Male	17
Female	13
By Age Group	
Below 30	35
30 to 50	15
Over 50	8
By Region	
PRC	27
Hong Kong	32
Taiwan	8

## **B2. Health and Safety**

We are committed to providing and maintaining a safe, healthy and hygienic workplace for all employees. The Group has established relevant policies on the prevention and remediation of safety accidents, and detection on potential safety hazards in workplace so as to maintain a safe working environment. The Group did not encounter any lost days caused by injury. Air purifiers were placed in work place to improve air circulation. First aid boxes are also available at easily accessible locations in the workplace.

During the Reporting Period, the Group was not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Labour law of the PRC, the Occupational Safety and Health Ordinance of Hong Kong, and the Occupational Safety and Health Act of Taiwan that would have a significant impact to the Group.

During the Reporting Period, the Group did not record any work-related fatalities. And the Group did not have the lost-days related to work injuries. Also, the Group did not record any work-related fatalities occurred in the financial years ended 31 December 2021 and 31 December 2022.

In response to the outbreak of the Coronavirus Disease 2019 (“COVID-19”) pandemic, the Group has implemented a series of precautionary measures and have complied with guidelines from the regional government authorities to ensure the health and safety of its employees. In addition to requiring employees to perform regular community test, the Group requires employees to check and record their temperatures upon arriving to the workplace and reminds employees the importance of maintaining social distancing and provides surgical masks to employees whenever necessary. To further prevent cross infection within the workplace, clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus. Also, the Group has provided incentive scheme to encourage employees for COVID-19 vaccination.

# Environmental, Social and Governance Report

## B3. Development and Training

We acknowledge the importance of training for the development of our employees as well as the Group itself. The Group has adopted relevant policies in governing training arrangements and benefits. We encourage and support our employees to participate in personal and professional training through sponsoring training programmes, seminars, workshops and conferences, peer learning and on-the-job coaching, as well as reimbursement for external training courses to enhance their competencies in performing their jobs effectively and efficiently. Total training hours offered in 2023 was 3,640 hours, where each employee receives an average of 8 training hours. We believe this is a mutually beneficial practice for achieving both personal and corporate goals as a whole.

As at 31 December 2023, there is 148 employee trained. The percentage of employees trained by the Group's employees in the Greater China Region were as follows:

<b>Percentage of employee trained</b>	<b>2023</b>
By Gender	
Male	32%
Female	34%
By Employee Category	
Senior management	2%
Middle management	25%
Junior employees	39%

As at 31 December 2023, the total training hours received by the Group's employees in the Greater China Region were as follows:

	<b>2023</b>
Total no. of hours of training received by employees	3,640
Average hours of training per employee	
By Gender	
Male	10
Female	6
By Employee Category	
Senior management	1
Middle management	3
Junior employees	10

# Environmental, Social and Governance Report

## **B4. Labour Standards**

The Group considers child and forced labour unacceptable and ought to be prevented. The Group has instituted a comprehensive screening and recruiting process to prohibit the employment of child labour. Personal data are collected and carefully checked during the employment process to assist the selection of suitable candidates and to verify their personal background. If violation is involved, it will be dealt with in the light of the circumstances.

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

During the Reporting Period, the Group was not aware of any material non-compliance with child and forced labour related laws and regulations, including but not limited to the Law of the PRC on the Protection of Minors, Labour Law of the PRC, the Labour Contract Law of the PRC, the Employment Ordinance of Hong Kong, and the Labour Standards Act of Taiwan that would have a significant impact to the Group.

## **B5. Supply Chain Management**

Relationship is the fundamentals of business. Sound supply chain management ensures the Group could sustain its business operations and development. We have maintained strong relationships with our suppliers to meet our customer's needs in an effective and efficient manner. The Group has established a rigorous supplier selection system. When selecting suppliers, the Group takes various factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance.

In view of growing concern on sustainability issues, the Group has also incorporated environmental and social considerations in the supplier selection process. We expect suppliers to observe the environmental, social, health and safety and governance considerations in their operations in order to manage the environmental and social risks in our supply chain.

The Group has also formulated policies and procedures to ensure that suppliers could compete in a transparent and fair manner. We do not differentiate and discriminate against any suppliers, and we do not tolerate any forms of corruption or bribery. Employees and other individuals with interest in the suppliers are also not allowed to participate in relevant procurement activities.

During the Reporting Period, we procured from over 1,000 internationally renowned brands as our suppliers. Over 90% goods were supplied from South Korea, Taiwan and the PRC.

# Environmental, Social and Governance Report

## **B6. Product Responsibility**

The Group recognizes good customer service and after-sale-service are key to the success and sustainability of a corporation. In terms of quality control, suppliers provide warranty on the products they supply to the Group for distribution of electronic components and finished products. They are also responsible for providing or procuring the provision of in-warranty service to the end customers.

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

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

The Group is also committed to complying with the Hong Kong Personal Data (Privacy) Ordinance. Personal data shall be highly protected. Employees are prohibited to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known. Any employee who is found to have divulged confidential information to any third-parties without authorization will be subjected to disciplinary actions.

The Group prohibits the advertisements to disclose descriptions, claims or illustrations that are not true. By complying relevant legislations and code of practices, the Group organises promotion campaigns and creates advertising materials to ensure they are reliable, reasonable, and not containing any deceitful details or elements when generating advertisements in order to protect consumers' interests, rights and benefits.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress, including but not limited to the Law of the PRC on the Protection of Customer Rights and Interests, the Patent Law of the PRC, the Personal Data (Privacy) Ordinance of Hong Kong, and the Personal Data Protection Act of Taiwan that would have a significant impact to the Group. In addition, we have neither received any cases of infringement of intellectual property rights, nor were we aware of any suspected cases of infringement of intellectual property rights of products that we distributed during the Reporting Period.

During the Reporting Period, The Group has received no product-related complaints and service-related complaints. The Group designated staff to handle all complaints received promptly and review our procedures for any improvement to prevent recurring complaints.

# Environmental, Social and Governance Report

## **B7. Anti-corruption**

Both the Group and its business partners are expected to uphold the highest standard of ethics. All parties involved in business interactions shall be prohibited from every forms of corruption, extortion, bribery, fraud, money laundering and embezzlement. The Group advocates the standards of fair transaction, advertising and competition and puts in place a confidentiality mechanism to protect the identity of suppliers and whistleblowers.

The Group is committed to strengthening compliance training. Reading materials in relation to business ethics and anti-corruption conducted by the Independent Commission Against Corruption were circulated to the Directors and staff of the Group, so as to enhance employees' understanding on anti-bribery and anti-corruption.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or employees. The Group was also not aware of any material non-compliance with related laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions on Banning Commercial Bribery of the PRC, the Prevention of Bribery Ordinance of Hong Kong, and the Anti-corruption Act of Taiwan that would have a significant impact to the Group.

To firmly reject the occurrence of corruption, frauds, etc., the Group has established whistle-blowing policy for employees and other stakeholders to report any suspected improper or illegal activities through any anonymous ways such as by mail, email, telephone, etc. The Group will investigate and handle the case once internal corruption related information is received. The investigations are administered on a confidential basis and there will be no reprisal against employees.

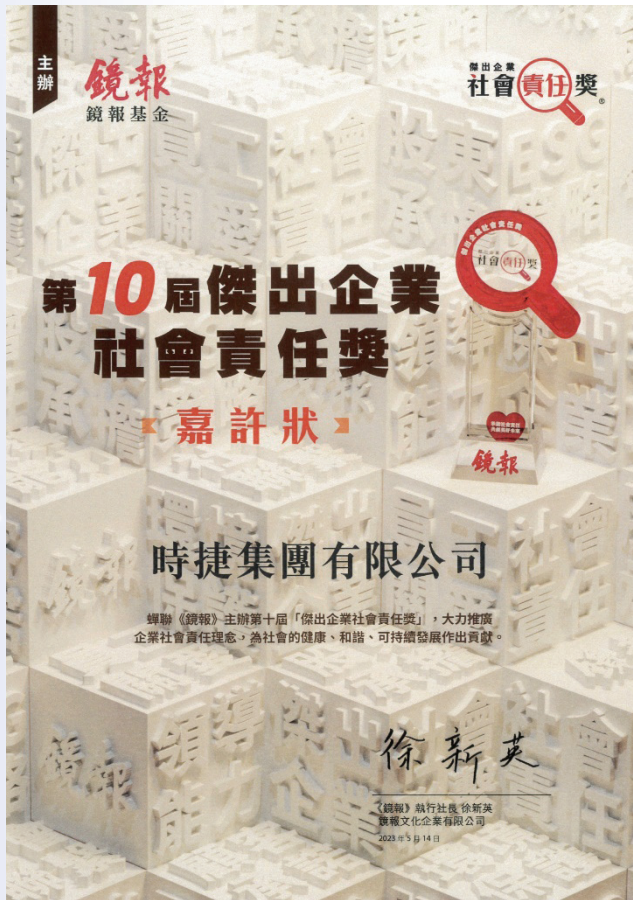
## **B8. Community Investment**

We encourage our employees to participate in social and community events, as well as to volunteer for good causes. The Group has the honor of being awarded the Outstanding Corporate Social Responsibility Award from The Mirror and the Award of Merit from The Community Chest. The Group was appointed as Safe City Ambassadors by The Hong Kong Police Force. We will continue to shoulder the social responsibility by caring for the community, employees and the environment in order to build a cohesive society.



# Environmental, Social and Governance Report

*Outstanding Corporate Social Responsibility Award from The Mirror*



*The Award of Merit from The Community Chest*



# Environmental, Social and Governance Report

**The Group was appointed as Safe City Ambassadors by The Hong Kong Police Force**



During the Reporting Period, the Group donated approximately HK\$3,600,000 to charitable and other non-profit organisations in Hong Kong and China.

**The Group donated HK400,000 to support Tsuen Wan care team**

