

**Environmental,  
Social and  
Governance  
Report  
2023**



**K & P International Holdings Limited**  
**堅寶國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)* (Stock Code: 675)  
(於百慕達註冊成立之有限公司) (股份代號：675)

\* *For identification purpose only*  
\* 僅供識別

# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## I. PREAMBLE

With the elapse of the COVID-19 pandemic (the “pandemic”) and the start of a new normal, the general public has started to shift their attention away from public health issues to more urgent global crisis. Having been demonstrated by the scientists that the world needs to stay within 1.5° C of warming to avoid catastrophic and potentially irreversible results, reducing carbon emissions has become an urgent task to maintain a liveable living environment for the future generation, as revealed by the Intergovernmental Panel on Climate Change (IPCC) report that reaching global net zero carbon emissions by 2050 is critical to limiting warming to 1.5° C.

In recent years, there has been an increasing call for economic recovery with sustainability embedded when the public experienced extreme weather events more frequently. In response to the public concerns, it is expected that global and local governments are going to prioritise addressing climate change and its consequences, and implement new climate-related policies accordingly. Emission standards are expected to be tightened and more environmental regulations are expected to be rolled out to curb carbon emissions.

K & P International Holdings Limited (the “Company”) and its subsidiaries (collectively, “the Group”), as one of the prominent players in the industrial goods manufacturing industry, mainly focus on the manufacture and sale of precision parts and components (including keypads, synthetic rubber and plastic components and parts).

The Group understands the importance of reducing carbon emissions during production and operations, and hopes to contribute to the national net zero emission target. Besides, the Group acknowledges the potential shift in environmental regulations and strives to prepare for the changes. For instance, the Group has been strengthening its environmental, social and governance (“ESG”) management, updating its ESG policies to cater to the latest situation and developing specific ESG targets to track the Group’s progress. Given the increasing demand for climate-related disclosure, the Group aspires to be a responsible producer, build a green brand image, and positively impact the client’s value chain to stay competitive.

# Environmental, Social and Governance Report

## II. ABOUT THE REPORT

In compliance with the requirement under Appendix C2 – Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) under the “Comply or Explain” provision, the Group is pleased to present its eighth Environmental, Social and Governance Report (the “ESG Report”) for the year ended 31 December 2023 (“FY2023”), which illustrates the Group’s policies, approaches, governance, targets and performances regarding ESG issues for the year under review.

### Reporting Boundary

By employing the operational control approach, the Group defines the reporting boundary to encompass its core business. Therefore, the ESG Report covers two subsidiaries engaged in the manufacturing of industrial goods in the mainland of the People’s Republic of China (the “PRC”) and one headquarter office in Hong Kong, which represent the Group’s major operations.

For the corporate governance related information, please refer to the Group’s Annual Report 2023. The reporting period of this ESG Report covers FY2023 unless specifically stated otherwise.

### Reporting Principles

Guided by the reporting principles that form the foundation of the ESG Report, the content of this ESG Report has been structured, organised and demonstrated in adherence to the principles of Materiality, Quantitative, Balance and Consistency.

#### *Materiality:*

Prioritising the Group’s notable environmental, social and economic impacts is crucial for formulating effective sustainability approaches. As such, the Group conducts annual materiality assessments through engagement with key stakeholders to identify important sustainability issues. The Board of Directors (“the Board”) is responsible for reviewing the result of the materiality assessment and developing strategic approaches to meet stakeholders’ expectations accordingly. Please refer to the section STAKEHOLDER ENGAGEMENT for more details about the materiality assessment.

#### *Quantitative:*

The ESG Report employs a set of clearly defined Key Performance Indicators (“KPIs”) for measuring and benchmarking different environmental and social sustainability issues. Besides, assumptions and conversion factors utilised in calculation are clearly stated in the footnote of the respective performance tables.

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## *Balance:*

The ESG Report describes the Group's ESG-related issues in an objective manner by providing a comprehensive set of information which encompasses both outstanding achievements and areas for improvement in the year under review.

## *Consistency:*

The Group has embraced the same methodology and reporting framework over years to facilitate meaningful comparison. Any significant changes in the calculation method or reporting framework in the ESG Report will be clearly explained in the relevant sections.

## **Information Disclosure**

The information in this ESG Report was gathered through numerous channels, including but not limited to official documents and statistics of the Group, the integrated information of supervision, management and operation in accordance with the relevant policy, the internal quantitative and qualitative questionnaires based on the reporting framework, and sustainability practices provided by different subsidiaries of the Group. To deliver a more formalised ESG report that appeals to our global readership, the Group referenced to internationally recognised frameworks and industry-specific standards for reporting on its ESG performance. A complete content index and the Global Reporting Initiative Standards (GRI) linkage table are available at the end of the ESG report for readers' convenience to check its integrity.

The Group will publish the ESG Report in respect of the financial year ended 31 December 2023 on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.kpihl.com>) at the same time as its Annual Report is published. The ESG Report will be accessible under the "Investor Relations" section of the Company's website. This ESG Report was prepared in both English and Chinese. Should there be any conflict or inconsistency, the English version shall prevail.

# Environmental, Social and Governance Report

## III. SUSTAINABILITY MANAGEMENT



Adopting the top-down approach, the Group implements ESG policies throughout its organisational hierarchy, with the Board taking ultimate responsibility for approving, reviewing and overseeing the overall ESG strategies and approaches. Meanwhile, the management teams appointed by the Board is responsible for executing the ESG policies and ensuring each parties fulfil their responsibilities.

While the Board and the management teams play distinct roles in terms of ESG policies, their contributions are equally vital and the Group's remarkable ESG achievements hinge on their collaboration. Both the Board and the management teams are required to possess ample knowledge on ESG matters and acknowledge the potential impacts these matters may have on the Group's business and operations.

The ESG Report provides comprehensive description of the Group's environmental and social management approaches, with details elaborated in corresponding sections. The Group firmly believes effective stewardship of its corporate sustainability is integral to its overall long-term success and recognises the positive impacts brought by effective ESG strategies on various stakeholders. Therefore, the Group places emphasis on the sustainable management and actively incorporates ESG-related risks and opportunities into its decision-making processes and developmental approach. Recognising the evolving demand on ESG management, the Group reviews and adjusts its sustainability policies regularly to keep pace with the regulations and stakeholders' expectations.

# Environmental, Social and Governance Report

## IV. BOARD STATEMENT

Dear valued stakeholders,

On behalf of the Board, I am delighted to present our stakeholders with the ESG Report, offering a detailed overview of the Group's ESG approaches and performance for the year ended 31 December 2023.

ESG has consistently served as a foundation of our long-term development while excelling in ESG enhances our competitiveness to become one of the most trust-worthy national supply chains and manufacturing partners. The pandemic caused lockdowns and business suspensions in the past few years, slowing down pollution and climate change. However, in the post-pandemic era, the enhanced energy consumption and transportation attributed to resumed business activities undoubtedly bring carbon emissions back to the levels before the pandemic, or even higher. We recognise the importance of altering our business strategies to facilitate green operations while viewing the period after the pandemic as a golden opportunity for such changes.

### Formulating our strategy

Understanding that our relationship with key stakeholders is fundamental to our long-term success, we actively seek to integrate the prioritised concerns and interests of our stakeholders into our sustainability goals and strategy development, striving to meet their demands and expectations.

To this end, we gather internal and external stakeholders' opinions and suggestions annually to strengthen our relationship and deepen our understanding. After collecting stakeholders' points of view, we conduct a materiality assessment to identify the strategic sustainability priorities for our business, with the analytic results reviewed and validated by the Board. This engagement practice enables us to ascertain the relative importance of existing ESG issues while spotting potential ESG risks and opportunities, providing insights for formulating development strategies that align with our stakeholders' expectations.

In particular, "Solid Waste Stewardship" has been ranked top in the materiality assessment for consecutively four financial years. As a manufacturing production business, while handling of hazardous waste is unavoidable, we are fully aware of our potential impact on the environment. To address this concern properly, we have developed a series of emissions control and waste management policies to ensure that we do not cause significant negative impacts to the natural environment.

We are also committed to and actively contributing to the United Nations Sustainability Development Goals ("SDGs"), focusing our efforts on the ways that can make the most positive impact on our workforce, community and the planet. In 2023, we continued to revitalise our commitment and align our ESG strategy with the SDGs that we can make the most impact in addressing: Goal 1: No poverty; Goal 2: Zero hunger; Goal 3: Good health and well-being; Goal 4: Quality education and Goal 5: Gender equality. More details about our actions can be found in the section STAKEHOLDER ENGAGEMENT.

# Environmental, Social and Governance Report

## Tracking our advancement

We believe in the motivating power of establishing solid goals and targets to drive our progress. Therefore, in view of our business nature as a manufacturer that may cause relatively concerning environmental impacts during operations, we have introduced a series of specific and achievable environmental targets to boost our sustainability performance and guide our policy formulation. In view of the changing regulations and stakeholders' demands, we review and update our targets and corresponding actions regularly. For further details on our environmental targets and corresponding actions, please refer to the section Targets and Actions.

Other than the environmental aspect, we are also highly aware of the social issues. Acknowledging that our business nature requires an intense workforce and our success is dependent on our employees, we are particularly attentive to the well-being of our workforce. We have closely monitored our occupational health and safety, pursuing a zero work-related injury rate and minimising the number of lost days of work due to work-related injuries.

The performances of these targets are tracked and disclosed in our annual ESG report, which are reviewed by our Board thereby informing them with the latest progress of our ESG-related goals and targets, allowing them to adjust and refine the related goals, targets, strategies and measures.

## Looking ahead

Being a manufacturer of industrial products, we are one of the critical parts of the supply chain ecosystem. As such, we recognise our pivotal role in implementing solutions to tackle sustainability challenges and creating a sustainable supply chain for our clients. With our detailed and comprehensive goals set to address the environmental challenges ahead and our commitment to hasten a more sustainable value chain, we are dedicated to making substantial strides and generating new opportunities for ourselves and our stakeholders.

Finally, I want to express my gratitude for the collaborative partnerships we have built with our suppliers and customers over the past year. A heartfelt thank you also goes out to our employees who contribute their passion and dedication every day to fulfil our sustainability commitments and achieve our business purpose of creating quality products that add value and enhance people's lives.

We appreciate your interest in our continual sustainability endeavours.

**Lai Pei Wor**

*Chairman*

Hong Kong, April 2024



# Environmental, Social and Governance Report

## V. STAKEHOLDER ENGAGEMENT



The Group considers meaningful communications with stakeholders as essential while believing that ideas and comments from stakeholders assist in identifying material topics that need to be addressed. As stakeholders' trust is of great importance to the long-term prosperity, the Group strives to align its business direction with the stakeholders' expectations. Meanwhile, the Group views stakeholder engagement as a critical step for developing inclusive strategies that acknowledge different parties' concerns and interests.

# Environmental, Social and Governance Report

The Group has established a communication system through which stakeholders can share their thoughts. The channels include:

## Communication with Stakeholders

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulatory authorities	<ul style="list-style-type: none"> <li>– Compliance with laws and regulations</li> <li>– Anti-corruption policies</li> <li>– Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>– Supervision on the compliance with local laws and regulations</li> <li>– Routine reports and tax payments</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>– Return on investments</li> <li>– Corporate governance</li> <li>– Business compliance</li> </ul>	<ul style="list-style-type: none"> <li>– Regular reports and announcements</li> <li>– General meetings</li> <li>– Corporate website</li> <li>– Emails and enquires</li> </ul>
Employees	<ul style="list-style-type: none"> <li>– Employee’s remuneration and benefits</li> <li>– Health and safety in the workplace</li> <li>– Career development</li> </ul>	<ul style="list-style-type: none"> <li>– Performance appraisals</li> <li>– Regular meetings and training</li> <li>– Emails, notice and team building activities with the management</li> </ul>
Customers	<ul style="list-style-type: none"> <li>– Product quality assurance</li> <li>– Protection of customer’s rights</li> <li>– Continuous improvement in reliability of products/services</li> </ul>	<ul style="list-style-type: none"> <li>– Customer satisfaction surveys</li> <li>– Face-to-face meetings</li> <li>– Customer service hotline and emails</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>– Fair and open procurement</li> <li>– Win-win cooperation</li> <li>– Protection of intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>– Contracts and agreements</li> <li>– Suppliers’ satisfaction assessment</li> <li>– Telephone discussions and on-site visits</li> </ul>
General public	<ul style="list-style-type: none"> <li>– Engagement in local communities</li> <li>– Business ethics</li> <li>– Environmental protection awareness</li> </ul>	<ul style="list-style-type: none"> <li>– Media conferences and response to enquires</li> <li>– Public welfare activities</li> <li>– Corporate website</li> </ul>

# Environmental, Social and Governance Report

## SDG Alignment and Actions

Being a blueprint to achieve a better and more sustainable future for all, the United Nations SDGs have been adopted by companies to cultivate corporate sustainability. In FY2023, the Group evaluated stakeholders' perspectives on the SDGs and identified SDGs that are material to its stakeholders. The Group strives to align its ESG management with the SDGs, taking the view that using an international framework to describe its ESG strategies and approaches allows it to keep pace with the global trend while benchmarking its ESG performance with businesses outside Hong Kong and the PRC.

Among the 17 SDGs, stakeholders pay the most emphasis on Goal 1: No poverty, Goal 2: Zero hunger, Goal 3: Good health and well-being, Goal 4: Quality education and Goal 5: Gender equality. In response to the call and concerns from stakeholders, the Group is dedicated to improving its performance of these five goals. The details of the contributions and actions are as follows:

### Goal 1: No poverty



The poverty issue has always been a major concern of countries. In recent centuries, China has made significant progress in eliminating poverty while people's quality of life has enhanced dramatically. Yet, the pandemic has somehow reverted the achievement as the global economy is negatively affected, resulting in fewer business opportunities and income sources.

Recognising the increased unemployment and accelerated income disparity in China, the Group is committed to assisting those disadvantaged and improving their living standards by leveraging its resources.

**Actions:**

- The Group has constructed volunteer teams to support local community events, giving a helping hand to the citizens in need.

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## Goal 2: Zero hunger



Food, being a living necessity, is not accessible to everyone. Even though the number of people suffering from extreme hunger has dropped in the past two decades because of economic growth and increased agricultural productivity, there are a significant amount of people still facing malnutrition. The accelerated extreme weather has somehow intensified soil degradation and brought severe drought/flooding depending on the geographical location, further decreasing the food quantity and quality and thereby lowering the food supply. Less developed and poor regions are more likely to suffer from famine and hunger.

Realising China's role as a significant food provider, the Group is committed to safeguarding the agricultural land in China. To ensure China's stable food supply, the Group strives to minimise its operational pollution to protect natural resources (e.g., water and land) for food production.

### **Actions:**

- The Group has followed sustainable production standards to reduce the harm to the natural environment.
- The Group has traced and monitored its pollutant emissions to ensure they comply with national standards.
- The Group will apply pre-treatments before discharge when necessary.

## Goal 3: Good health and well-being



Global public health has improved in recent years because of economic development and strengthened health-related policies. Countries' prompt response to address the pandemic, including implementing lockdowns and social distancing measures, showcased their determination and efforts to enhance people's health. Meanwhile, the attention to mental health is increasing, with countries placing more resources in this area.

To safeguard its employees, the Group has followed government instructions to enact corresponding pandemic preventive measures. The Group strives to minimise the negative impacts of the pandemic and prioritise employees' health. In view of the recovery from the pandemic, the Group is dedicated to ensuring its employees' mental health by providing more welfare and care.

### **Actions:**

- The Group has implemented social distancing measures and has sanitised the workplace regularly to protect employees from the pandemic.
- The Group has adhered to the local government's pandemic prevention and control guidelines in managing its facilities and operations.

# Environmental, Social and Governance Report

## Goal 4: Quality education



Quality education is pivotal to social development as knowledge empowers people and widens people's horizons. Education not only helps people earn more, but also encourages people live healthier, contributing to other SDGs (e.g., SDG1: No poverty and SDG 3: Good health and well-being) at the same time.

Meanwhile, quality training is fundamental to the Group's prosperity. Skilled talents bring valuable insights while providing outstanding outcomes. Hence, the Group strives to ensure its employees are equipped with technical skills and are competitive through organising diverse training.

### **Actions:**

- The Group has organised over 5,328.00 hours of training, covering nearly 224 employees with more than 96.43% of them being general employees.
- The Group has ensured equal access to training opportunities and has provided diverse training topics.

## Goal 5: Gender equality



Promoting gender equality not only enhances human rights, but also fosters a peaceful and sustainable world. Given the fact that women account for around half of the population, leveraging their potential is of great importance for development. Moreover, everyone deserves to be treated equally while unethical behaviours such as sexual violence and discrimination should be eradicated.

The Group understands that both genders contribute to its success and values each gender's role and responsibility. Therefore, the Group treats everyone equally and is dedicated to assessing employees objectively.

### **Actions:**

- The Group has maintained its employee gender ratio of 245 male to 472 female.
- The Group has formulated comprehensive policies to prevent workplace discrimination and violence.
- The Group has made human resource decisions, including employment, promotion and retirement, regardless of gender consideration.

# Environmental, Social and Governance Report

## Materiality Assessment



Since different stakeholders attach value to various ESG-related risks and opportunities while their preferences change from time to time, it is crucial for the Group to periodically review stakeholders' perspective to formulate comprehensive developmental strategies. In FY2023, the Group conducted a stakeholder engagement survey to gather stakeholders' opinions on a range of ESG topics. The survey results enabled the Group to rank different ESG topics' relative importance to the business and understand how its operations and products affect the ESG performance of the upstream and downstream of the value chain. The Group's emphasis on stakeholders' engagement is illustrated by the step-by-step assessment process, with the survey results serving as a powerful tool for the Group to shape more focused ESG action plans.

### *Step 1: Stakeholder identification*

Upon identifying key stakeholders based on their involvement and dependence on the Group, representatives from each key stakeholder group were chosen for engagement. In FY2023, the Group invited external suppliers and business partners, internal general staff, managerial staff as well as senior management to share their points of view on ESG issues.

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## *Step 2: Internal impact assessment*

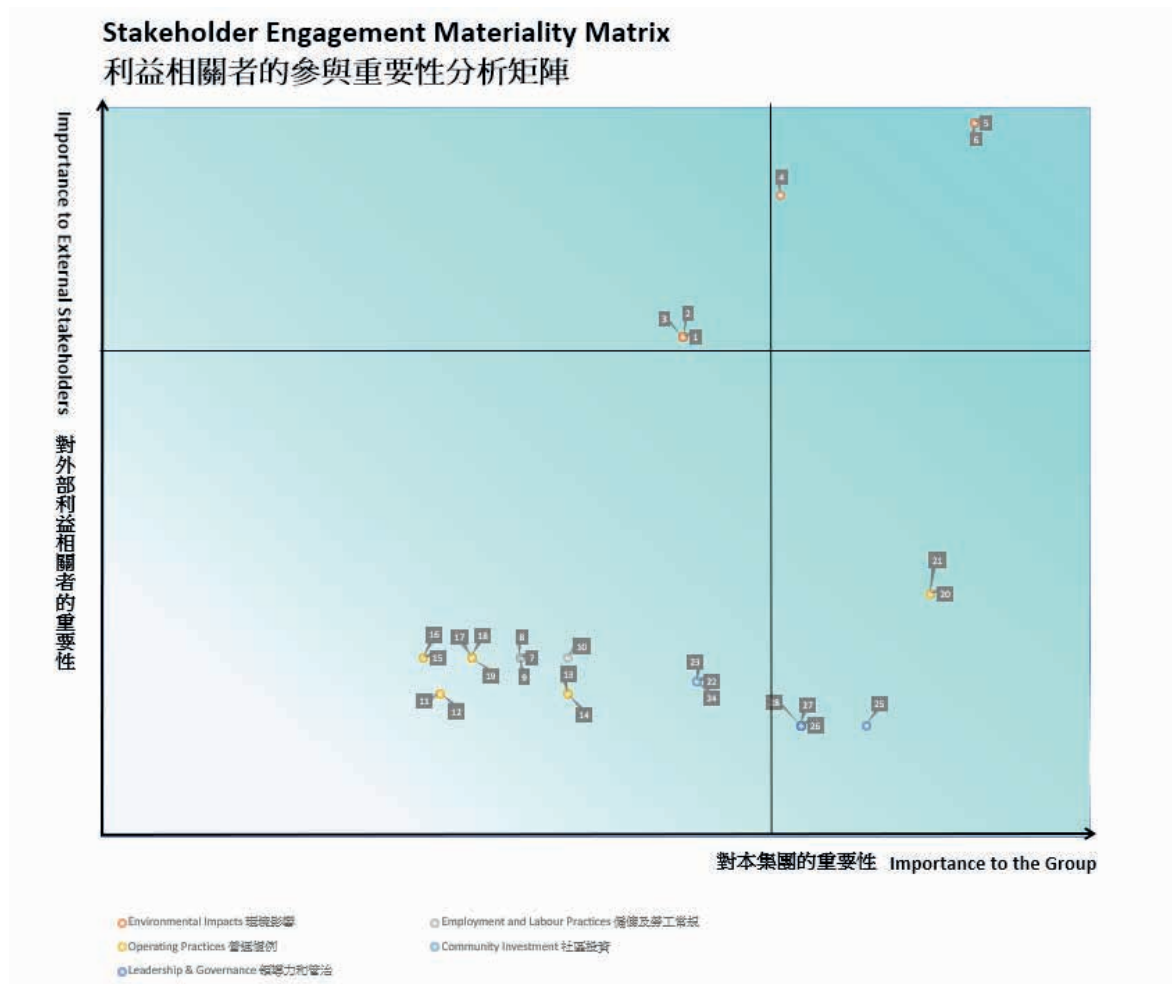
An internal desktop impact assessment yielded a list of 28 priority issues that are relevant to the Group's development strategy, industry trends, regulatory market requirements, social responsibility and other pertinent factors.

<b>List of ESG Issues for Materiality Assessment</b>	
1. GHG Emissions	15. Product/Service Quality and Safety
2. Energy Management	16. Customer Privacy and Data Security
3. Water & Wastewater Management	17. Marketing and Promotion
4. Solid Waste Stewardship	18. Intellectual Property Rights
5. Climate Change Mitigation & Adaptation	19. Labelling Relating to Products/Services
6. Renewable and Clean Energy	20. Business Ethics & Anti-corruption
7. Labour Practices	21. Internal Grievance Mechanism
8. Employee Remuneration and Benefits	22. Participation in Philanthropy
9. Occupational Health and Safety	23. Cultivation of Local Employment
10. Employee Development and Training	24. Support of Local Economic Development
11. Green Procurement	25. Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
12. Engagement with Suppliers	26. Management of the Legal & Regulatory Environment (Regulation-compliance Management)
13. Environmental and Social Risk Management of Supply Chain	27. Critical Incident Risk Responsiveness
14. Supply Chain Resilience	28. Systemic Risk Management (e.g. Financial Crisis)

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## Step 3: Significance investigation and prioritisation

An online evaluation survey was distributed among and completed by the identified key internal and external stakeholders, with their answers translated into different scores for calculation purpose. Then, the resulting scores of various ESG topics were thoroughly analysed and translated into a final materiality matrix as depicted below.



## Step 4: Validation and outcomes

Based on the materiality analysis matrix, the Group pinpointed three topics of paramount significance to the Group and its stakeholders during FY2023, which were “Solid Waste Stewardship”, “Climate Change Mitigation & Adaptation” and “Renewable and Clean Energy”. Having the Board reviewed and approved the results, the Group is dedicated to refining as necessary its policies and resources allocation strategically to better manage these material topics.

## Stakeholders Feedback

As the Group strives for excellence, stakeholders’ feedback is always welcomed, especially on topics listed as high importance in the materiality assessment. Readers are also welcomed to share their views via the Group’s email at [enquiry@kpihl.com](mailto:enquiry@kpihl.com) or website at [www.kpihl.com](http://www.kpihl.com).



# Environmental, Social and Governance Report

## VI. ENVIRONMENTAL SUSTAINABILITY

The Group is dedicated to realising corporate sustainability, believing in the pivotal role of environment plays in its long-term prosperity. Therefore, the Group's foremost priority is minimising environmental nuisances during the production processes and corporate activities. As a critical first measures, the Group strictly adheres to relevant environmental laws and regulations that significantly affect its business operations in the PRC and Hong Kong office, including but not limited to the:

- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong);
- Energy Conservation Law of the People's Republic of China;
- Environmental Protection Law of the People's Republic of China;
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes;
- Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise;
- Law of the People's Republic of China on Prevention and Control of Water Pollution; and
- Atmospheric Pollution Prevention and Control Law of the People's Republic of China.



# Environmental, Social and Governance Report

In the journey towards becoming a sustainability-orientated enterprise, the Group strives to limit the emission impacts stemming from its manufacturing plants. The Group has implemented stringent internal policies governing energy consumption, wastewater treatment and solid waste disposal to reduce its environmental disturbance. Additionally, the Group has executed the “Target Guide and Plan” (目標指示與方案) and “Quality & Environment Management Manual” (質量環境管理手冊) in its plants’ daily operations, aiming to effectively evaluate and manage material environmental pollution-related issues while designing environmental management plans from a lifecycle standpoint in the future.

This section primarily discloses the Group’s policies, practices, targets and actions on the emissions, use of resources, environment and natural resources as well as climate change in FY2023.

## A.1. Emissions

With environmental pollution emerging as a pressing issue in the PRC, the Group has exerted significant efforts in controlling emissions at its two manufacturing plants in Zhongshan. The Group aspires to quantitatively measure the operation plants’ emissions in order to precisely identify room for improvement and formulate effective management policies.

In FY2023, the Group did not violate influential laws relevant to air and greenhouse gas emissions, discharges into water or land, and generation of hazardous and non-hazardous waste. For further information regarding different categories of emissions, please refer to Table E1 in APPENDIX – PERFORMANCE TABLE.

### *Air & GHG Emissions*

#### Manufacturing Business

Attributed to the nature of the manufacturing business, the primary emissions for the Group originate from its manufacturing plants, encompassing air and greenhouse gas emissions, wastewater discharge and waste disposal.

In FY2023, the Group’s air emissions consisted of 0.46 kg of sulphur oxides (“SOx”), 161.79 kg of nitrogen oxides (“NOx”) and 14.93 kg of particulate matter (“PM”).

Meanwhile, fossil fuel combustion in transportation and electricity consumption during industrial operations resulted in greenhouse gas (“GHG”) emissions. In FY2023, the Group categorised its GHG emissions into Scope 1 (Direct Emissions), Scope 2 (Energy Indirect Emissions) and Scope 3 (Other Indirect Emissions), which amounted to 80.03 tonnes CO<sub>2</sub>e, 5,116.38 tonnes CO<sub>2</sub>e and 30.24 tonnes CO<sub>2</sub>e, respectively. The total GHG emissions for the reporting period reached 5,224.90 tonnes CO<sub>2</sub>e, with the intensity being 28.12 tonnes/HKD million. As the Group’s business activities remained similar to that in the financial year ended 31 December 2022 (“FY2022”), the emission pattern of FY2023 was close to that of FY2022, in which Scope 2 (Energy Indirect Emissions) was the major contributor to GHG emissions and accounted for 97.92% of the total GHG emissions.

# Environmental, Social and Governance Report

Recognising that fossil fuel combustion significantly contributes to GHG emissions, the Group is dedicated to initiating changes in these areas. Efforts are directed at minimising fossil fuel consumption through measures such as reducing unnecessary business travel and optimising production processes. The Group also implements robust policies and measures to monitor and control resources usage during business operations. In addition, the Group also holds a commitment to fostering behavioural change among employees, encouraging practices like turning off unused electrical appliances and maintaining the air conditioner temperature at 26 degrees Celsius to save energy.

There are a series of standards controlling the emissions from factories that the Group adheres to, including the second-grade standard for the second-time frame of the Emission limits of air pollutants (DB44/27-2001), the standard emission limit in table 2 of the Emission standards for odour pollutants (GB14554-1993), and the standard emission limit for the second-time frame of the Emission standard of volatile organic compounds for furniture manufacturing operations (DB44/814-2010). Consequently, the Group employs air treatment processes such as adsorption and desorption to filter the exhausted gases while applying catalytic combustion to reduce undesired pollutants. To enhance the monitoring and control of its environmental emissions, the Group has also established an Environmental Safety Force tasked with managing and implementing the Group's environmental policies. The duty of the Force includes conducting inspections of the environmental performance at the Group's operational sites to ensure compliance with the established standards.

More policies and actions implemented by the Group to control its emissions are further discussed in the sections headed "Electricity", "Other energy resources" and "Targets and Actions" below.

## *Wastewater*

In FY2023, the Group's wastewater majorly consisted of non-hazardous wastewater from domestic and commercial usage, amounting to 39,215.60 m<sup>3</sup>. Meanwhile, there was no hazardous wastewater produced. In the year under review, domestic and commercial wastewater was discharged to the sewage pipe directly, while industrial wastewater was collected separately in dedicated containers for subsequent treatment.

# Environmental, Social and Governance Report

## Manufacturing Business

Industrial wastewater, after being collected in the regulating tank, underwent a series of biochemical treatments involving precipitation, decomposition, anaerobic decomposition and filtration. The Group strictly monitored the wastewater quality and only discharged wastewater that meets the standards. Meanwhile, a portion of the treated wastewater was reused in the production line, contributing to the sustainable water consumption practices in the year under review.

### **Case Study: ZHONG SHAN K.S. ELECTRONICS COMPANY LTD.**

Wastewater produced from the Group's painting process was directed into the wastewater collection tank through designated pipelines. Subsequent processes, including "oil separation, coagulation, sedimentation, hydrolysis acidification, SBR treatment, precipitation, MBR filtration and sand filtration" were applied to treat the wastewater. These treatment processes lowered the pollution level of wastewater while ensuring compliance with the requirements of the first grade standard of the "Discharge limits of water pollutants in Guangdong Province" (DB 44/26-2001).

In order to guarantee that the wastewater discharged from the Group's factories adhered to the latest standards, the Group engaged Global (GuangDong) Quality Technology Service Co., Ltd., a recognised testing agency, to assess and ensure the wastewater quality from factories during the year under review. The test results demonstrated compliance, with values consistently below the emission limits specified by various national standards, including GB 6920-1986, HJ 637-2012, GB 7494-1987, and BG 11893-1989.

## Hong Kong Office

Given that the amount of wastewater generated from the office activities is highly correlated with freshwater consumption, the Group has implemented specific measures to curtail water consumption in the office. For details regarding water saving practices, please refer to the sections under A.2. Use of Resources. In FY2023, the municipal wastewater from office was discharged directly into the drainage system of the property building.

## *Solid waste*

Recognising that solid waste disposal also accelerates climate change as the decay of waste generates GHG such as methane, the Group has been focusing more on solid waste elimination.

In FY2023, there were two main types of solid waste produced from the Group's operational activities, which were domestic and commercial non-hazardous solid waste and industrial hazardous solid waste. To better manage waste generated, the Group has developed the Quality & Environment Management Manual, explicitly outlining each employees' responsibilities to eliminate any ambiguities. In the year under review, the Group strictly followed the manual in terms of solid waste management.

# Environmental, Social and Governance Report

During the year under review, the Group generated 199.20 tonnes of domestic and commercial non-hazardous solid waste. Besides, the Group's manufacturing plants produced 9.36 tonnes of hazardous solid wastes, which were properly handled by qualified companies. With the implementation of effective measures, the amount of hazardous solid waste dropped by 68.48%. The non-hazardous solid waste intensity and hazardous solid waste intensity equalled to 1.07 tonnes/HKD million and 0.05 tonnes/HKD million respectively. Attributed to the Group's endeavours, the Group gathered and recycled approximately 123.60 tonnes of plastic waste, 33.60 tonnes of metal waste and 0.84 tonnes of paper box in FY2023.

## Manufacturing Business

Being a player in the manufacturing industry, the Group's business activities undoubtedly generate hazardous solid waste. In specific, industrial waste from manufacturing plants encompasses activated charcoal, oil rags, paint sludge, waste barrels, waste mineral and engine oil dry sludge, etc. In view of the increasing concern on hazardous waste disposal, the Group has strictly adhered to the internal hazardous wastes management protocols to handle the waste properly and legally. For instance, specialists are assigned the responsibility of collecting, labelling and sealing hazardous wastes in designated containers following the Solid Waste Classification Table. Meanwhile, Hazardous Waste Warehouse Managers from the Administration Department conduct thorough checks to ensure all containers are in good condition with accurate labels and arrange qualified companies for subsequent transportation, management, recycling and disposal of the hazardous waste.

Under the Environmental Principles, the Group's two plants in the PRC are regulated by regional emission-related laws and regulations. Among all, the Group has been strictly following the Restriction of Hazardous Substances Directive 2011/65/EU (RoHS 2.0) 《危害性物質限制指令》, which restricts the application of certain hazardous substances in electrical and electronic equipment (EEE), providing guidelines and insights for the Group to regulate its manufacturing processes.

## Hong Kong Office

In FY2023, the solid waste generated from the Group's office operations comprised of general domestic and commercial waste, which was systematically weighed, recorded, and collected by responsible parties. Aiming to minimise the volume of daily municipal solid wastes, the Group has executed the following practices in the office:

- Maximise solid waste recycling through effective waste classification;
- Educate employees on reducing the use of disposable items such as plastic tableware;
- Instil a "resources conservation" culture in the office;
- Promote the reuse of office stationeries; and
- Recycle office wastes such as ink cartridges, toner cartridges, computers, light bulbs, etc.

For more information regarding the green practice in the office, please refer to section Targets and Actions.

# Environmental, Social and Governance Report

## *Noise*

Recognising that noise from manufacturing processes is disturbing, the Group strives to limit its noise during operations and minimise the associated impacts. The Group actively controls noise pollution by upgrading to advanced equipment that is notably quieter and more efficient than the older alternatives, hoping to reduce noise nuisance while maintaining the operation performance.

In FY2023, the Group enlisted an external testing agency to assess the noise level in various locations within the manufacturing plant's operational boundary, checking if the noise levels are maintained below the acceptable limit. The testing results revealed that the sound pressure of noise at one meter away from the factory perimeter in the north, south, east and west test points at both day-time and night-time satisfy the emission standard of the second grade of Emission Standard for Industrial Enterprise Noise at Boundary (《工廠企業廠界環境噪聲排放標準》) (GB 12348-2008). Moreover, the Group did not receive substantiated complaints regarding noise disturbance from nearby residents in the year under review.

## **A.2. Use of Resources**

In FY2023, the Group's main resources consumption consisted of electricity, petrol, diesel, water, paper and packaging materials (made of paper and plastic). The Group adheres to the guidelines outlined in the Energy Resources Control Approach to conserve resources in the operations. In specific, the approach defines the scope of application, departmental responsibilities, monitoring methods, and conservation measures for electricity, water and other materials, striving to maximise the resource utilisation efficiency.

At the same time, the Group's manufacturing plants have crafted internal environmental strategies, tailoring their environmental management approach to suit their characteristics. Taking Zhongshan KS Electronics Company (中山市堅城電子有限公司) as an example, the subsidiary has implemented its environmental strategy by the principle of "Law Compliance, Saving Energy, Active Participation, Continuous Advancement". The strategy emphasises enhancing recycling, facilitating green procurement and boosting energy efficiency.

For more information regarding the resources the Group consumed, please refer to Table E2 in APPENDIX – PERFORMANCE TABLE.

## *Electricity*

The operations of the manufacturing plants and the office consume electricity. In FY2023, the Group's total electricity consumption was 8,461.84 000'kWh, with the manufacturing plants dominating the electricity consumption. Of the total, 8,269.47 000'kWh was consumed by the factories in PRC while the Hong Kong Office consumed the remaining 192.37 000'kWh. Despite business activities increased after the pandemic, the electricity consumption remained consistent compared to that in FY2022.

# Environmental, Social and Governance Report

In recent years, the national and local governments have paid significant attention to energy conservation and rolled out the “Dual Control” Policy to control energy, including electricity, consumption. In view of the trend, the Group remains conscious of the energy consumption patterns across its business units. To proactively reduce electricity utilisation, the Group strives to integrate the “Saving Electricity” concept into its environmental management strategy and overall development approaches while implementing a series of noteworthy practices, including:

- Inspect and update electrical equipment in offices and factories regularly to maintain high efficiency;
- Develop operating guidelines for departments to use electrical products in control time period;
- Give priority to the procurement of electrical appliances with recommended green specifications or high ratings on China Energy Labels;
- Substitute energy-intensive light bulbs with more efficient LED lighting fixtures;
- Make good selection of the transformer capacity and motors;
- Operate machines in an energy-effective manner and address malfunctioned ones promptly; and
- Identify and correct unsustainable practices to enhance the overall operating process.

For more information regarding initiatives in saving electricity, please refer to the section Targets and Actions.

## *Other energy resources*

In FY2023, the Group consumed petrol and diesel for transportation. The consumption of petrol and diesel in FY2023 remained consistent with the previous year, recording 15,137.00 L and 15,026.00 L, respectively.

Acknowledging that burning petrol and diesel produces air pollutants and accelerates global warming, the Group endeavours to minimise their usage in operations. Hence, managing fossil fuel consumption has always been the Group’s priority. In FY2023, the Group maintained the deployment of energy-efficient vehicles for transportation and operations purposes. Furthermore, the Group continued its competitive mechanisms to motivate manufacturing plants to adopt a “low carbon and low consumption” working environment, aiming to foster a culture of sustainability across its business.

For more information regarding improving energy efficiency, please refer to the section Targets and Actions.

# Environmental, Social and Governance Report

## Water

Recognising water is an essential component of its operations, the Group has been closely monitoring its water consumption patterns and the water scarcity problem. In FY2023, the Group's annual water consumption equalled 44,580.80 m<sup>3</sup>, with an intensity of 239.96 m<sup>3</sup>/HKD million. Besides, the Group did not face any issue in sourcing water that is fit for its purpose.

Water management remains a paramount concern for the Group, with a strong emphasis on enhancing employees' awareness of daily water conservation behaviour. In pursuit of improving the water resource utilisation efficiency and thus reducing water consumption, the Group has adopted the following practices:

- Adopt low-flow faucets or showers in the office and dormitory;
- Repair broken faucets or taps promptly upon identifying any leakage;
- Set water utilisation targets for employees;
- Place reminders in prominent places, such as "Saving Precious Water Resources" posters;
- Perform regular inspection on the water supply system, including leakage tests;
- Reuse water from the spraying units by treating the wastewater with ink-removing chemicals;
- Install a recirculating cooling water system in the injection moulding unit;
- Replace aging faucets in the factory to mitigate water loss and reduce safety hazards; and
- Use secondary recycled water for toilet cleaning and irrigation.





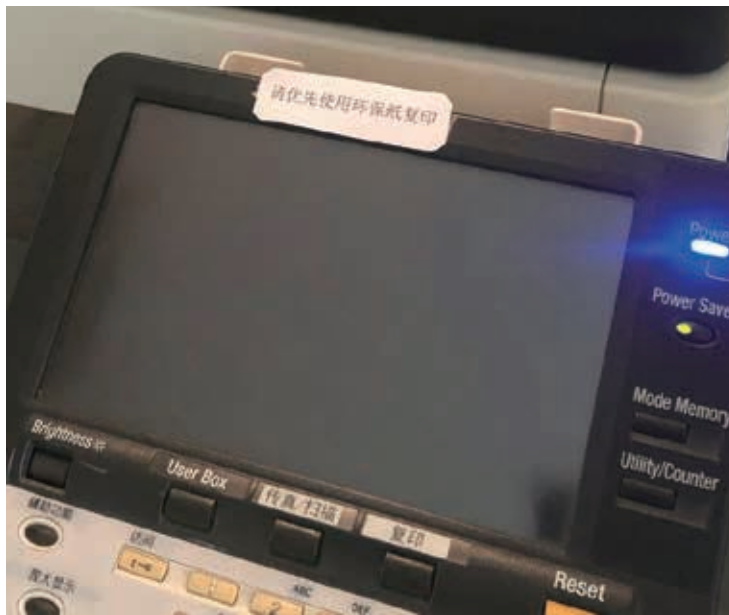
# Environmental, Social and Governance Report

## *Paper*

Paper consumed by the Group is pertained to administrative purposes. In FY2023, attributed to the Group's dedicated endeavours, it consumed 2,144.00 kg of paper, which was 18.88% less than the previous financial year. At the same time, its recycled used paper increased from 57.12 kg to 81.00 kg.

To curtail the use of paper and paper-made products, the Group has formulated the internal instruction of Administrative Paper Use Regulation and followed it strictly in the year under review. Meanwhile, the Group has exerted significant efforts to ensure effective implementation of the following measures:

- Cultivate a paperless working culture and encourage the dissemination of information through electronic means (i.e. via email or e-bulletin boards);
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Disseminate the "Think Before Print" concept through the use of reminder posters and stickers in offices;
- Utilise boxes and trays as containers to collect single-sided paper for reuse;
- Encourage the use of recycled paper; and
- Reduce the procurement and provision of paper without affecting the working quality.



# Environmental, Social and Governance Report

In the coming years, the Group is dedicated to stepping up its efforts in reducing paper consumption while maintaining working quality and efficiency. The Group will persist in upholding the Environmental Principles and alter its employees' and business partners' mindsets and behaviours to save paper resources.

## *Packaging materials*

Owing to the Group's manufacturing business nature, packaging materials are unavoidable from the business point of view. Among all, the Group frequently uses cartons, boxes and plastics as packaging materials. In FY2023, the Group consumed 0.90 tonnes of plastic-made and 3.70 tonnes of paper-made packaging materials. With an aim to realise sustainable development, the Group plans to purchase packaging materials that are more environmentally friendly and sustainable while gradually replacing the traditional ones.

In the year under review, the Group implemented effective packaging material management measures at different stages from procurement to sales. For instance, the Group adopted a made-to-order basis for the packaging process, striving to better estimate the amount of packaging materials required and avoiding unnecessary waste. To further reduce packaging material disposal, the Group actively collected used packaging materials, such as plastic containers, and transferred to the central recycling station for internal reuse.

In the future, the Group is committed to allocating more resources and manpower to assess and monitor the packaging material consumption throughout the supply chain. Moreover, the Group strives to conduct comprehensive analysis of its products' packaging material consumption to identify room for improvement in this aspect.

## *Targets and Actions*

The Group believes specific and measurable targets are crucial for tracking and examining its progress. Meanwhile, the Group understands that the business activities in the financial year largely affect its environmental performance. In specific, emissions and resource consumption are highly dependent on the amount of sales order in the financial year. Acknowledging the dependency, the Group has set a series of meaningful environmental targets to demonstrate its commitment to facilitate green practice.

# Environmental, Social and Governance Report

Aspect	Target	Action
Air Emissions	Taking FY2023 as the baseline year, the Group aims to reduce the amount of air pollutants emitted per HKD million revenue by FY2024.	The Group strictly controls its air pollutants emission through: <ul style="list-style-type: none"> <li>• Reducing unnecessary business travel</li> <li>• Sealing the opened chemicals properly to avoid the escape of volatile organic compounds</li> <li>• Minimising the usage of the chemical during production</li> </ul>
GHG Emissions	Taking FY2023 as the baseline year, the Group aims to reduce the amount of GHG emitted per HKD million revenue by FY2024.	The Group strictly controls the operating performance of machineries and equipment through: <ul style="list-style-type: none"> <li>• Maximising the production efficiency</li> <li>• Assigning joint responsibility to the Maintenance Team and the Production Department in spotting abnormalities in the machineries and equipment</li> </ul>
Wastewater	Taking FY2023 as the baseline year, the Group aims to reduce the amount of both hazardous and non-hazardous wastewater discharged per HKD million revenue by FY2024.	The Group strictly controls its wastewater discharges through: <ul style="list-style-type: none"> <li>• Encouraging the reuse of the treated wastewater</li> <li>• Pre-treating the wastewater before discharge to ensure the waste meets the national and industrial standards</li> </ul>
Solid waste	Taking FY2023 as the baseline year, the Group aims to reduce the amount of both hazardous and non-hazardous solid waste disposed per HKD million revenue by FY2024.	The Group strictly controls the flow of materials during operation through: <ul style="list-style-type: none"> <li>• Encouraging the reuse of materials, such as using reusable towels instead of disposable rags</li> <li>• Grouping recyclable materials, including cartons and plastic bags, for further processing</li> <li>• Employing qualified third parties to collect and handle the hazardous waste</li> </ul>

# Environmental, Social and Governance Report

Aspect	Target	Action
Electricity	<p>Taking FY2023 as the baseline year, the Group aims to reduce the amount of electricity consumed per HKD million revenue by FY2024.</p> <p>One of the manufacturing plants of the Group further its commitment to lower its electricity consumption for production by 5% in FY2024 as compared to that of FY2023.</p>	<p>The Group actively promotes energy conservation through:</p> <ul style="list-style-type: none"> <li>• Switching off not-in-use appliances and pieces of machinery</li> <li>• Adopting advanced technologies such as automatic induction controls to manage the mode of appliances based on needs</li> <li>• Optimising the working environment with natural sunlight and ventilation to reduce the reliance on artificial lighting and air-conditioner</li> </ul>
Petrol & Diesel	<p>Taking FY2023 as the baseline year, the Group aims to reduce the amount of petrol and diesel consumed per HKD million revenue by FY2024.</p>	<p>The Group actively promotes resources conservation through:</p> <ul style="list-style-type: none"> <li>• Prioritising energy-efficient vehicles and types of machinery during procurement</li> <li>• Conducting maintenance for and repairing vehicles and machineries regularly</li> <li>• Encouraging employees to use public transportation</li> <li>• Avoiding traveling by using online communication</li> </ul>
Water	<p>Taking FY2023 as the baseline year, the Group aims to reduce the amount of fresh water used per HKD million revenue by FY2024.</p>	<p>The Group strictly controls the use of freshwater during the operation processes through:</p> <ul style="list-style-type: none"> <li>• Optimising the water efficiency of the machineries and equipment</li> <li>• Organising water conservation training programmes for new hires to raise their awareness</li> </ul>
Paper	<p>Taking FY2023 as the baseline year, the Group aims to reduce the amount of fresh water used per HKD million revenue by FY2024.</p>	<p>The Group actively promotes resources conservation through:</p> <ul style="list-style-type: none"> <li>• Encouraging administrative staff to reuse and recycle office supplies</li> <li>• Setting procurement quota for each department</li> </ul>

# Environmental, Social and Governance Report

## A.3. The Environment and Natural Resources

Being a manufacturing enterprise, the Group recognises that its business operations are carbon and energy-intensive, which may pose threats to the nearby natural environment and resources. Thus, the Group is committed to minimising its environmental footprint, transiting towards sustainability and being a green manufacturer. The Group has always followed the “safety, harmony, and green development” strategy, striving to incorporate resource-saving policies and environmentally friendly innovations into the development approach.

The Group assesses its environmental impacts and monitors the impacts associated with climate change by the “Quality & Environment Management Manual”. Considering factors such as impact scale, scope, frequency, attention rate, law compliance and other relevant indicators, the Group identified air emissions and wastewater discharge as the Group’s major pollution source. To mitigate the negative environmental impacts from these sources, the Group has referenced national guidelines and international standards to formulate internal protocols, aiming to enhance its environmental performance. In the year under review, the Group also applied the “5S” management system, which is a workplace organisation method using five Japanese words (seiri, seiton, seis, seiketsu, and (shitsuke), to manage its production processes comprehensively.

In FY2023, the factories of the Group once again obtained the ISO 14001:2015 Environmental Management System Certification, recognising its outstanding performance in managing environmental-related impacts.

As an enterprise primarily engaged in the manufacture and sale of industrial goods, the Group realises the importance of a reliable and stable supply of natural resources for its long-term prosperity. Therefore, the Group is eagerly transiting to “clean” production and green business with quantitative environmental targets implemented, tracked and monitored, aiming to enhance its resilience to any potential adverse impacts related to climate change. The Group not only aspires to be an outstanding green manufacturer, but also hopes to facilitate the whole industry to transit towards a low-carbon economy and encourage collaboration among its stakeholders to realise green manufacture.



# Environmental, Social and Governance Report

## A.4. Climate Change

In FY2023, both the frequency and severity of climate change-related incidents has increased, catching worldwide attention on this topic. Recognising the physical and transition risks associated with climate change, which may deter the Group's business development and consequently harm its competitiveness, the Group is dedicated to taking early actions and preparing for the upcoming risks.

The Group strives to disclose its climate-related information with reference to the framework as illustrated by the recommendation of the Taskforce on Climate-related Financial Disclosure (TCFD). As the Group is still in the early stage of reviewing, evaluating, and planning its corporate climate strategies, it applies a qualitative approach to identify climate-related risks. However, the Group hopes to enhance its climate-related disclosure by quantifying the risks and opportunities, along with effective mitigation measures and adaptation actions formulated, in the near future.

Risk		Potential Impact
Physical Risk	<ul style="list-style-type: none"> <li>Increase in frequency and intensity of extreme weather events, such as typhoons, rainstorms, floods and heatwaves</li> </ul>	<ul style="list-style-type: none"> <li>Operation suspension owing to unstable electricity and water supply</li> <li>Fluctuated raw material price because of production and transportation disruption</li> <li>Extra operation costs for fixing buildings' and equipment's physical damages</li> </ul>
Transition Risk	<ul style="list-style-type: none"> <li>Tightened environmental standards</li> <li>Enhanced requirements on climate-related disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Extra investments for installing advanced treatment systems to reduce pollutants</li> <li>Extra costs arise from increased reporting obligations and potential non-compliance fines</li> <li>Bad reputation if not meeting stakeholders' expectation</li> </ul>

The Group has closely monitored the identified climate impacts, hoping to address them in a timely manner to avoid significant loss. In FY2023, the Group made efforts to mitigate potential climate impacts, including upgrading its technologies to reduce pollution and monitoring the environmental regulation updates. In addition, the Group is strengthening its governance on environmental matters to systemically monitor, track and handle climate-related risks.

# Environmental, Social and Governance Report

## VII. SOCIAL SUSTAINABILITY

The core value of the Group centres around “People-Oriented Management and Innovation”, believing that a workplace prioritising safety, security and equality boosts employees’ morale and performance. Hence, the Group focuses on employees’ well-being, striving to safeguard their physical and mental health. The Group’s commitment to social sustainability is deeply ingrained, with the vision being widely promoted from the Board all the way down to all business units.

### EMPLOYMENT AND LABOUR PRACTICES

#### B.1. Employment

The Group wholeheartedly believes that everyone has one’s own strengths and thus embracing the concept of “To let everybody fully display his/her talents and make the best use of everything” in policy implementation regarding human resources. Meanwhile, the Group aspires to create a fair environment for its employees to grow and hopes to thrive in tandem with its employees. As of the end of FY2023, the Group’s workforce comprised of a total of 729 full-time employees, including 247 male and 482 female. Additional information regarding employees’ age, gender, employment type and geographical distribution, please refer to Table S3 in the APPENDIX – PERFORMANCE TABLE.

#### *Regulatory and legal compliance*

The Group regularly reviews and revises its employment policies to keep up with evolving societal dynamics and comply with laws and regulations in both Hong Kong and the PRC. In FY2023, the Group complied with the relevant laws and regulations, including the following:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Employment Promotion Law of the People’s Republic of China;
- Labour Contract Law of the People’s Republic of China;
- Law of the People’s Republic of China; and
- Insurance Law of the People’s Republic of China.

During the year under review, the Group provided its employees with mandatory social insurance and medical insurance schemes. Closely reviewing relevant law and regulation updates, the Human Resources (HR) Department of the Group updates pertinent internal policies regularly to ensure compliance.

# Environmental, Social and Governance Report

## *Recruitment and promotion*

The Group has implemented a set of transparent and well-defined internal procedures for the annual recruitment plan. Since talents are of great importance to the Group's development, it offers competitive remunerations and benefits to attract outstanding candidates, taking into consideration the individuals' past performance, personal attributes, job experiences and career aspirations. Besides, the Group conducts market benchmarking regularly and has established the "Compensation Management Regulation" to guide its practices regarding remunerations and benefits.

During the recruitment process, the HR Department follows the "Personnel Recruitment Plan" and selects eligible candidates for interviews with departmental managers. Then, the HR Department will undergo a comprehensive background check to ensure the qualifications of the applicants before extending any official offer.

The Group consistently evaluates its compensation packages and performs probationary and regular performance evaluations for employees. Eligible employees who exhibit outstanding performance and potential in their positions are equally considered for staff promotion, adhering to the established procedures in the Employee Handbook. This practice serves to inspire employees to maximise their efforts while ensuring that their contributions are noticed and rewarded by the Group.

## *Compensation and dismissal*

Any changes in compensation and employment termination within the Group are carried out in accordance with the lawful and justified internal policies, as outlined in the Employee Handbook. The Group strictly forbids any kind of unjust or illegitimate dismissal and has formulated stringent policies according to the relevant laws and regulations in Hong Kong and the PRC to regulate the procedures of employee dismissal.

In FY2023, the turnover rate of the Group was 30.59%. For more information regarding employee turnover rate by gender, age group and geographical region, please refer to Table S4 in the APPENDIX – PERFORMANCE TABLE.

## *Working hours and rest period*

The Group has developed internal policies regarding working hours and rest periods based on local employment laws, such as the Provisions of the State Council on Employees' Working Hours. When overtime work is deemed necessary, the Group compensates the employees with additional pay or extra paid leave. Beyond the fundamental paid annual leave and statutory holidays, the Group provides other leave benefits, including but not limited to marriage leave, maternity leave, compassionate leave, etc.



# Environmental, Social and Governance Report

## *Equal-opportunity and anti-discrimination*

The Group strives to make its working environment fair, respectful and diverse. Thus, the Group actively incorporates the idea of anti-discrimination and equal opportunity in all its human resources and employment policies. In specific, training and promotion opportunities, dismissals and retirement policies are determined regardless of the employee's age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other discriminative elements.

Moreover, the Group notices the knock-on effects of workplace discrimination, harassment and vilification and strives to prevent these issues from happening following local laws and regulations. For example, the Group has developed equal opportunity policies according to Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong) and the Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong). In instances where discrimination-related cases are reported and substantiated, the Group will promptly take necessary disciplinary actions against the employees involved.

## *Other benefits and welfare*

As employees are crucial to the Group's operations, the Group's prosperity is intricately tied to the well-being of its employees. In FY2023, the Group offered social insurance and provident funds including endowment insurance, medical insurance, unemployment insurance, employment injury insurance and maternity insurance to its employees. Besides, the Group organised various corporate activities, such as team-building events, annual dinner and festive leisure activities, to create a harmonious and relaxing working environment. To further uplift employees' morale, the Group also arranged special gifts for them during their birthdays, Chinese New Year, Mid-Autumn Festival and Dragon Boat Festival so as to share the joy amongst all.

In FY2023, the Group complied with laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

# Environmental, Social and Governance Report

## B.2. Health and Safety

Recognising the importance of occupational health and safety, the Group is dedicated to regularly reviewing and auditing its working environment following the statutory and industrial requirements. Attributed to the Group's efforts to eradicate workplace hazards, the Group did not encounter work-related fatalities in the past three years, including the reporting year. Meanwhile, the Group's work injury rate remained low over the past three years. In FY2023, there were 7 employees injured, leading to 130 lost days of work due to work-related injuries.

<b>Occupational Health and Safety Data</b>	<b>FY2023</b>	<b>FY2022</b>	<b>FY2021</b>
<b>Number of Work-related Fatalities</b>	0	0	0
<b>Work injury cases</b>	7	4	13

The Group has formulated internal health and safety policies in accordance with relevant laws and regulations in Hong Kong and the PRC, including but not limited to the following:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Law of the People's Republic of China on Prevention and Control of Occupational Diseases;
- Report on Production Safety Accident and Regulations of Investigation and Treatment;
- Production Safety Law of the People's Republic of China; and
- Regulation on Work-Related Injury Insurance of the People's Republic of China.

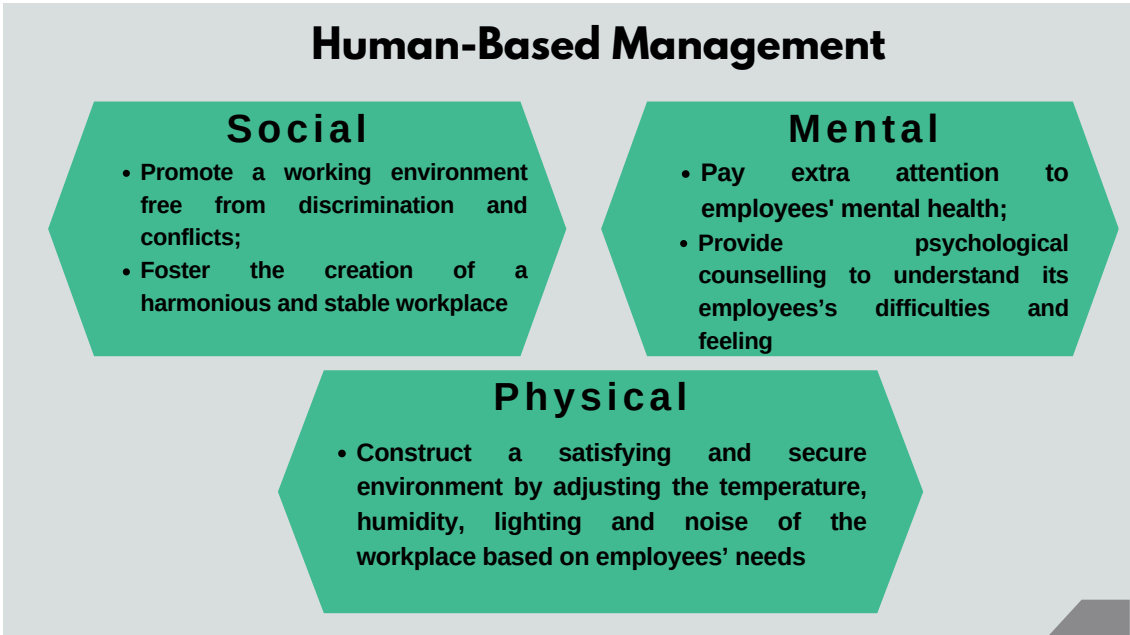
In FY2023, the Group arranged occupational health and safety training for its employees following the stipulated internal policies of the "Quality & Environment Management Manual". The training covered topics such as the Proper Handling of Hazardous Materials, Occupational Health and Safety, Emergency Management and "5S" training were held.

To ensure its employees' physical health, the Group arranges free physical examinations for them annually. Besides, the Group offers special medical examinations based on its employees' working conditions. For instance, workers exposing to high risks in an industrial environment can undertake extra health checks. Meanwhile, the Group also arranges psychological counselling to safeguard employees' mental health.

Additionally, the Group equips its employees with personal protective equipment, including but not limited to uniforms, face masks and gloves to ensure operational safety. Supervisors of each business unit are responsible for monitoring the implementation of all occupational health and safety-related policies. In the year under review, the Group also strictly monitored its suppliers, requiring them to obtain relevant testing certificates, conduct functional and safety checks, and regularly schedule maintenance to sustain equipment's quality.

# Environmental, Social and Governance Report

The Group has always valued occupational health and safety and is dedicated to eliminating injuries from its operations. Adopting the human-based management approach, the Group ensures its internal occupational-related policies thoroughly consider social, psychological and physical factors, with the ultimate goal being to foster a satisfying and secure environment for its employees.



In FY2023, the Group complied with relevant laws and regulations regarding occupational health and safety, striving to construct a hazard-free working environment that safeguards its employees.

### *Actions in the post-pandemic period*

In FY2023, most of the pandemic preventive measures were cancelled, embarking on the start of the post-pandemic period. The Group took the pandemic as a valuable lesson and realised the importance of health-related issues. Experiencing the ripple effects of the pandemic, the Group is committed to strengthening its preparedness for similar emergencies to reduce negative influences. At the same time, the Group will continue to pay attention to the hygienic standards of its workplace, arranging cleaning and sanitising on a regular basis.

# Environmental, Social and Governance Report

## B.3. Development and Training

Referencing the Group’s developmental approaches and talent requirements, the HR Department has developed internal training-related policies and practices. The Group customises training for both new hires and experienced employees based on the formulated policies.

The Group organises training covering the History of the Company, Corporate Governance Structure, Corporate Culture, Business Processes, and Management System for newly onboarded employees to introduce the Group’s working culture and practices. For experienced employees, the Group arranges profession-oriented courses tailored to corporate needs and employees’ expectations. In addition, the Group has also formulated a set of internal training with regard to its corporate policies which are in line with the ISO 14001 and OHSAS 18001 (Occupational Health and Safety Management System), including the “Regulation of Occupational Health and Safety”, “Regulation of Industrial Accident”, “Emergency Response Plan and Emergency Rescue System”, and “Fire Drill”.

The Group actively encourages employees to enhance their capability by attending external training programmes and taking professional qualification exams. In specific, the Group provides reimbursement for achievements in professional qualification examinations and vocational qualification certificates. Moreover, the Group regularly arranges external professionals to deliver training sessions, striving to broaden employees’ horizon and bolster competitiveness.

In FY2023, the Group delivered a total of 5,328.00 hours of training, covering 224 employees. Notably, the Group focused on the training and career development of its general employees, who accounted for over 96.43% of the total training time provided to all employees. The distribution of training hours indicates that males represented 44.59%, while females constituted 55.41% of the training time. For more information regarding the numbers of employees trained and training hours by gender and employee category, please refer to Table S5 and S6 in the APPENDIX – PERFORMANCE TABLE.



# Environmental, Social and Governance Report

## **B.4. Labour Standards**

The Group has adhered to the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Labour Law of the People's Republic of China and other related labour laws and regulations in Hong Kong and the PRC to prohibit any child and forced labour employment.

As the Group has zero tolerance for illegal employment, it has implemented internal policies to monitor its human resources, such as Management Procedures for Child Labour and Juvenile and Management Procedures for the Prohibition of Forced labour. The HR Department is responsible for ensuring all job applicants are lawfully employable before confirming any employment by checking their valid identity documents during the recruitment process. In the event of any violation of labour standards as prescribed by law, the Group will ensue immediate termination of the employment.

Besides, the Group is concerned with its value chain's labour practices. Therefore, the Group has developed supplier guidelines illustrating its stance on human rights and labour issues, urging its suppliers to follow those principles. The Group regularly conducts scrutiny of its business partners to ensure their compliance with labour standards.

In FY2023, the Group complied with the relevant laws and regulations in relation to the prevention of child and forced labour.

## **OPERATING PRACTICES**

### **B.5. Supply Chain Management**

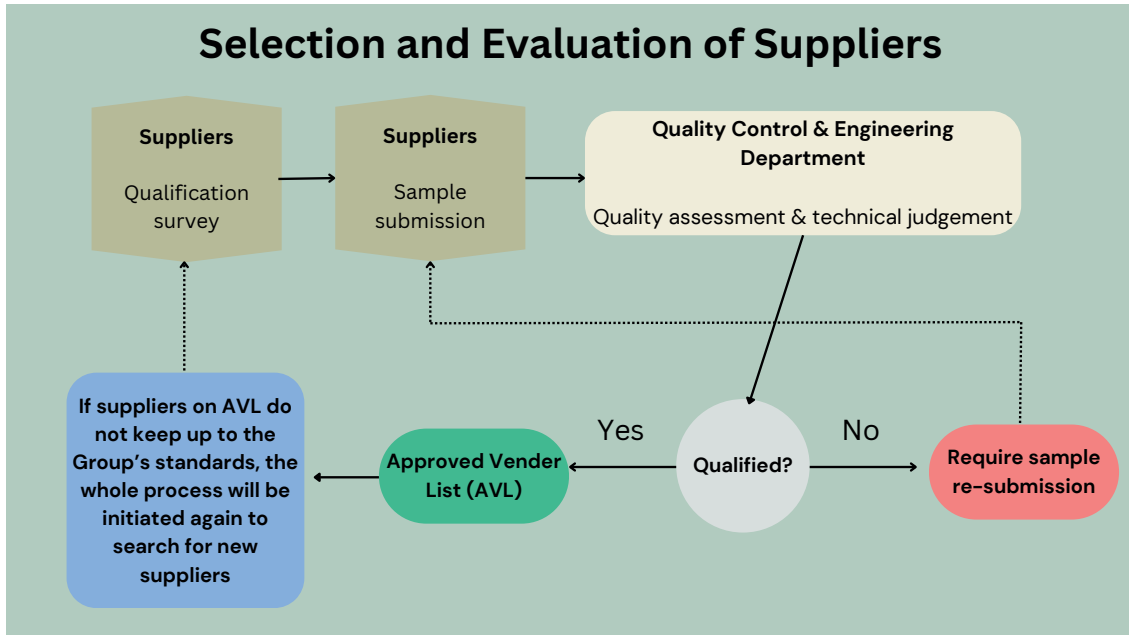
Recognising the importance of a sustainable supply chain, the Group has exerted significant efforts in monitoring its suppliers' environmental and social performance. In FY2023, the Group cooperated with 130 major suppliers, including 104 in the PRC and 26 in Hong Kong. All 130 major suppliers were subject to the supplier management policies below.

#### *Supplier Engagement and Supply Chain Risk Management*

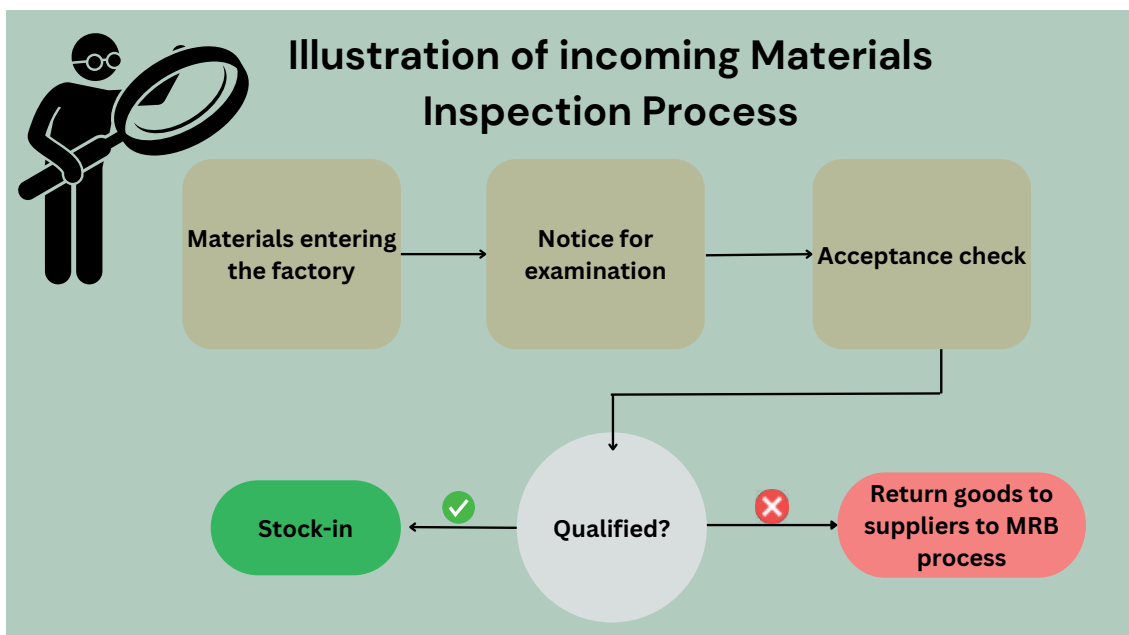
In FY2023, the Group's main raw materials acquisition were plastics, electronic optical devices, hardware, and packaging materials. To guide the procurement practice, the Group has formulated well-defined internal regulations for procurement and supplier selection following ISO 9001 and ISO 14001. The objective is to guarantee that all procured materials meet the environmental and social standards and ensure suppliers possess the competence to adhere to the requirements.

Meanwhile, the Group has developed the "Selection and Evaluation of Suppliers Control Procedures" for screening suppliers to prevent any associated environmental and social risks. As part of the Group's due diligence process, it mandates the Group's suppliers to possess legal business licenses and adopt environmentally friendly production procedures while outlining the roles and responsibilities of each party in the supplier selection process, from the supplier investigation to the verification. Specifically, the Quality Control Department is obligated to gather information on potential suppliers and conduct regular performance assessments and the Department of Engineering is tasked with evaluating the technical capability of suppliers, while the Department of Procurement takes the responsibility for confirming cooperation with suppliers and file management.

# Environmental, Social and Governance Report



Furthermore, the Group has formulated the “Incoming Material Inspection Control Procedures”, defining each department’s duties in the aspect of raw material quality control to guarantee suppliers’ delivery are 100% qualified before applying in the production. The Warehouse Department and Quality Control Department bear the responsibility for inspecting, receiving and storing the incoming materials.



# Environmental, Social and Governance Report

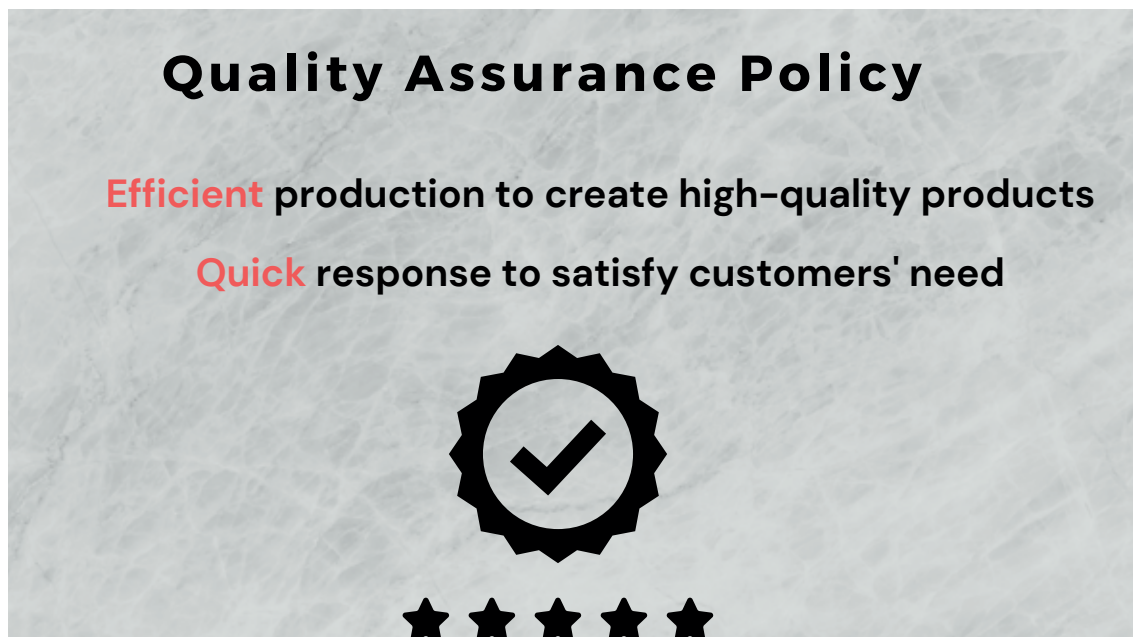
Acknowledging that consistent communication is pivotal to sustaining a dependable and trust-worthy relationship with suppliers, the Group's Department of Procurement actively interacts with suppliers by telephone discussions and on-site visits. In addition, the Group has formulated internal policies to facilitate effective supplier management and has categorised all suppliers based on various factors to tailor its management approach. Attributed to the robust and stable relationship with suppliers, the Group did not encounter material delays and values conflicts or other significant environmental and social issues with suppliers in previous years. The Group firmly believes that mutual understanding and a sense of shared responsibility are of great importance to maintaining a cooperative relationship with suppliers and synchronising their values with the Group's.

In FY2023, the Group rigorously adhered to its "Counter-measures to Address Risks and Opportunities Control Policy" for suppliers' environmental and social risk management. Meanwhile, the Group followed a comprehensive set of steps in supply chain management, covering risk identification, risk management team establishment, plan formulation and implementation all the way to annual audit and validity review.

## *Green Procurement*

Establishing and upholding a sustainable value chain stands as one of the Group's key objectives. The Group aspires to identify and eliminate potential environmental and social risks along the supply chain by guaranteeing the sources of imported materials. Besides, the Group is dedicated to adopting environmentally friendly materials to boost its supply chain resilience to climate change and facilitate green transition. In pursuit of the goal, the Group enforces its Green Procurement policy across all suppliers, only accepting core raw materials that meet the RoHS, REACH standards for production.

## **B.6. Product Responsibility**



# Environmental, Social and Governance Report

## *Regulatory & legal compliance*

In FY2023, the Group complied with relevant rules, regulations and standards in Hong Kong and the PRC relating to health and safety, advertising, labelling and privacy matters concerning its products and services and methods of redress, including but not limited to the following:

- Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);
- Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong);
- Patents Ordinance (Cap. 514 of the Laws of Hong Kong);
- Work Safety Law of the People's Republic of China;
- Product Quality Law of the People's Republic of China;
- Price Law of the People's Republic of China;
- Law on Protection of Consumer Rights and Interests of the People's Republic of China;
- Advertising Law of the People's Republic of China;
- Patent Law of the People's Republic of China; and
- Intellectual Property Law of the People's Republic of China.

## *Quality Assurance*

The Group places a high value on the trust and satisfaction of its clients. Hence, the Group has established a Quality Management System following ISO 9001 requirements to ensure its products are in high-quality.

Striving to deliver high-quality final products consistently and meet customers' diverse needs, the Group has established the "Internal Audit Control Procedures" and "Customer Product Requirement Review Control Procedures" to oversee, investigate and manage its products from manufacturing to delivery. The Group also formulated a series of quality control policies, including "Final Inspection Work Procedures", "Incoming Material Inspection Control Procedures", "Product Protection Control Procedures" and "Quality & Environment Management Manual", aiming to deliver top-notch services and products to its clients. Meanwhile, the Group's internal policy of "Controlled Substances Assurance Agreement" has mandated that all incoming materials must comply with the controlled substance requirements stipulated in REACH, RoHS and Sony SS-00259.

These internal guidelines play a crucial role in helping the Group obtain CE marking by facilitating the obedience to local and global rules and regulations such as the REACH and RoHS. CE marking serves as a certification mark, demonstrating the products' conformity with health, safety, and environmental protection standards for products sold within the European Economic Area.



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Through the effective implementation of product quality-related policies, there were no sold or shipped products subjected to recalls for safety and health reasons in the year under review.

## *Customer feedback & complaints*

The Group believes customers' opinions are important for identifying room for improvement and deficiency. Meanwhile, the Group treats all feedback seriously to respect its valuable customers. Therefore, the Group has implemented standardised procedures for addressing product inquires and customer complaints. For instance, the "Customer Service Management Procedures" provides a well-defined working process for handling customer complaints.

The Group values all complaints and strives to act promptly once any complaints are received. Following the complaint-resolving procedure, the Group reviews, analyses and adjusts its products and services to meet customers' expectations and sustain a positive brand image. Besides, the Group follows up with customers timely through the format of 8D Report (Eight Discipline Problem Solving (8D), which is a set of problem-solving skills commonly used among quality control engineers and other professionals).

In FY2023, the Group received 0 complaints from its customers.



Different departments cooperate to resolve customers' concerns and mitigate the negative impacts on the customers. Specifically, the Quality Control Department is responsible for the back-inspection and corrective actions, the relevant Production Department is responsible for checking the production procedures and addressing deficiency, while the Marketing Department is responsible for communicating with the clients to understand their needs and requirements.

# Environmental, Social and Governance Report

The Group learns from each complaint and adopts corrective measures to avoid similar mistakes from happening again. In response to past complaints regarding the unsatisfied outer appearance of the products, the Group has provided relevant staff with training, displayed pictures of the damaged product surfaces on-site as a reminder, and upgraded the packing materials to improve product protection.

The Group has also implemented internal policies for product recalls, including the “Control Procedure of Nonconforming Products” and “Control Procedure of Returned Products”. Upon receiving returned products, the Group will start the comprehensive inspection process immediately, and the Group will take full responsibility and recall all unqualified products if the case is substantiated.

## *Advertising*

The Group has devised internal guidelines to prevent the dissemination of false or exaggerated advertisements that violate the Advertising Law of the People’s Republic of China. The Marketing Department is responsible for overseeing all marketing materials to ensure their authenticity.

## *Data protection and privacy matters*

Recognising the increasing concerns about data security and privacy, the Group has implemented a set of policies outlining systematic procedures for processing sensitive information and private data. Regulations illustrated in the Employee Handbook restrict the disclosure of confidential business information and sensitive personal data, requiring employees of all levels to comply with them.

The Group views customers’ personal data as highly confidential and only allows designated personnel to access those data. The Administrative Department is responsible for protecting customers’ information and limiting access to those data while strictly prohibiting the unauthorised provision of such information to external parties. Meanwhile, the Information Technology Department is tasked with monitoring and maintaining cybersecurity to avoid data leakage. In FY2023, there were no substantiated complaints regarding violation of customer privacy or any incidents of loss of customer data.

In FY2023, the Group complied with the relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services. Given the Group’s business nature, intellectual property and labelling matters are considered not material. Hence, IP-related and labelling-related regulations and policies are not specifically mentioned in this ESG report.

# Environmental, Social and Governance Report

## B.7. Anti-corruption

In FY2023, the Group complied with local laws and regulations relating to anti-corruption and bribery, including:

- Anti-Corruption Law of the People's Republic of China;
- Law of the People's Republic of China on Anti-money Laundering;
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong); and
- Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong).

The Group did not violate any applicable laws and regulations concerning bribery, extortion, fraud and money laundering and there was no concluded legal case regarding corrupt practices were brought against the Group or its employees in the year under review.

The Group emphasises fair competition and is dedicated to creating an encouraging working environment that boosts working performance. Hence, the Group has formulated internal anti-corruption policies and rigorously stuck with them to identify and address unethical behaviours. Regulations stipulated in the Employee Handbook explicitly prohibit all forms of bribery and corruption, requiring all employees to uphold professional ethics in accordance with the code of conduct. The Administrative Director is responsible for monitoring the Group's ethical performance, implementing the anti-corruption policies and resolving identified cases.

Whistle-blowers can report any suspected misconduct with full details and supporting evidence verbally or in writing to either the Audit Committee or the HR Department. The Group encourages the reporting of suspected cases by adopting an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. In case where criminality is suspected after a thorough investigation, the Group promptly reports to relevant regulators or law enforcement authorities when the management considers it necessary.

In the year under review, the Group conducted one anti-corruption training for its employees and directors, aiming to enhance internal awareness of the Group's commitment to eradicate bribery, corruption or any other unethical business practices. Additionally, the Group's Administrative Department used to organise anti-corruption training prepared by Responsible Business Alliance to provide updates about the latest relevant laws and regulations and introduce anti-corruption initiatives.



# Environmental, Social and Governance Report

As part of its commitment to corruption prevention, the Group integrates anti-corruption information into the Group's training to develop employees' proper mindset. Other than its employees, the Group also pays attention to the integrity of its suppliers. For instance, the Group requires all suppliers to sign an Integrity and Confidentiality Agreement (供應商廉潔承諾書) when entering into a business partnership with the Group.

## COMMUNITY

### B.8. Community Investment

As a responsible corporation, the Group is committed to enhancing its operating communities' living standards and quality of life while safeguarding the interests of its stakeholders. Since the Group aspires to utilise its resources to facilitate the development of the local communities, it has actively arranged and taken part in various charitable activities, including fundraising and community cleaning activities, before the pandemic.

Even though the Group did not organise or participate in community activities in the past reporting years because of the pandemic, the Group's willingness to bring positive impacts to society has never stopped and the volunteer team is ready to create a better environment for the community. In view of the recovery from the pandemic, with the cancellation of prevention and control measures, the Group is committed to resuming its contribution to the community through participating in community charity events.

# Environmental, Social and Governance Report

## VIII. APPENDIX – PERFORMANCE TABLE

Table E1. The Group's Total Emissions by Category in FY2023 <sup>10,11</sup>

Emission Category	Key Performance Indicator (KPI)	Unit	Amount in FY2023	Intensity <sup>1</sup> (Unit/HK\$ million) in FY2023	Amount in FY2022	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2022	Amount in FY2021	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2021
Air Emissions <sup>3</sup>	SO <sub>x</sub>	Kg	0.46	–	0.30	–	0.37	–
	NO <sub>x</sub>	Kg	161.79	–	81.27	–	84.29	–
	PM	Kg	14.93	–	7.44	–	7.83	–
GHG Emissions	Scope 1 <sup>4</sup> (Direct Emissions)	Tonnes of CO <sub>2</sub> e	80.03	0.43	51.29	0.19	63.0	0.15
	Scope 2 <sup>5</sup> (Energy Indirect Emissions)	Tonnes of CO <sub>2</sub> e	5,116.38	27.54	5,668.75	20.84	5,121.6	12.25
	Scope 3 <sup>6</sup> (Other Indirect Emissions)	Tonnes of CO <sub>2</sub> e	30.24	0.16	20.93	0.08	27.3	0.07
	Tree removal	Tonnes of CO <sub>2</sub> e	1.75	–	1.24	–	–	–
	Total (Scope 1 & 2 & 3) <sup>7</sup>	Tonnes of CO <sub>2</sub> e	5,224.90	28.12	5,739.73	21.10	5,211.9	12.47
Hazardous Waste	Solid Wastes <sup>8</sup>	Tonnes	9.36	0.05	29.70	0.11	8.2	0.02
	Wastewater	Tonnes	–	–	14.4	0.05	450.3	1.08
Non-hazardous Waste	Solid Wastes <sup>8</sup>	Tonnes	199.20	1.07	252.24	0.93	52.4	0.13
	Wastewater <sup>9</sup>	Tonnes	39,215.60	211.08	21,116.20	77.63	59,137.3	141.48
Recycled Waste <sup>12</sup>	Plastic	Tonnes	123.60	–	1.44	–	99.4	–
	Metal	Tonnes	33.60	–	–	–	2.7	–
	Paper Box	Tonnes	0.84	–	–	–	2.5	–

# Environmental, Social and Governance Report

1. Intensity for FY2023 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of HK\$185.79 million in FY2023;
2. The amount and intensity in FY2021 and FY2022 were extracted from the data in the ESG Report FY2021 and FY2022 of the Group;
3. The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;
4. The Group's Scope 1 (Direct Emissions) included only the emissions arose from the consumption of liquid fuels in motor vehicles;
5. The Group's Scope 2 (Energy Indirect Emissions) included only the emissions arose from electricity consumption;
6. The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and business air travels;
7. The Group's total GHG emissions is calculated by adding the three scopes of emissions and deducting the carbon offset by tree-planting which amounted to around 1.75 tonnes CO<sub>2</sub>e;
8. The amount of solid waste in FY2023 only covered production and domestic wastes from the manufacturing plants of the Group in the PRC;
9. Since the wastewater generated from the Group's office in FY2023 only covered domestic sewage from employees, the total amount of wastewater discharged from the Group's office in FY2023 was based on the assumption that 100% of the fresh water consumed entered the municipal sewage system;
10. The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard, the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories and the Fuel Consumption Limits for Heavy-Duty Commercial Vehicles;
11. Due to technical difficulty in data collection for a full financial year, completed environmental data of the Group was estimated through the equation: (data collected for [M] number of months)/([M] number of months)X 12. The Group will continue to enhance its data collection method in the future; and
12. Recycled waste only includes the data of the manufacturing and operations of HPIL in the PRC.

# Environmental, Social and Governance Report

Table E2. Total Resource Consumption in FY2023

Use of Resources	Key Performance Indicator (KPI)	Unit	Amount in FY2023	Intensity <sup>1</sup> (Unit/HK\$ million) in FY2023	Amount in FY2022	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2022	Amount in FY2021	Intensity <sup>2</sup> (Unit/HK\$ million) in FY2021
Energy <sup>3</sup>	Electricity	000'kWh	8,461.84	45.55	9,797.15	36.02	8,438.23	20.20
	Petrol	000'kWh	160.83	0.79	69.78	0.26	136.12	0.30
	Diesel	000'kWh	146.70	0.87	135.16	0.50	117.79	0.30
	<b>Total</b>	<b>000'kWh</b>	<b>8,769.37</b>	<b>47.20</b>	<b>10,002.09</b>	<b>36.77</b>	<b>8,692.14</b>	<b>20.80</b>
Water	Water	m <sup>3</sup>	44,580.80	239.96	67,519.00	248.23	67,809.75	162.20
Paper	Paper	Kg	2,144.00	11.54	2,643.00	9.72	1,546.84	3.70
Raw materials	Plastic	Tonnes	600.29	3.23	1,522.80	5.60	2,503.94	6.00
	Paper	Tonnes	21.70	0.12	1.20 <sup>4</sup>	0.0044	763.64	1.80
Packaging materials	Plastic	Tonnes	0.90	0.0048	1.2	0.0044	2.00	0.0026
	Paper	Tonnes	3.70	0.020	3.63	0.013	1.08	0.0048

1. Intensity for FY2023 was calculated by dividing the amount of resources that the Group consumed in FY2023 by the Group's revenue of HK\$185.79 million in FY2023;
2. The amount and intensity in FY2021 and FY2022 were extracted from the data in the ESG Report FY2021 and FY2022 of the Group;
3. The energy conversion of resources consumed was based on the energy coefficient set out in "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange"; and
4. The unit of the consumption of paper as raw material is amended to tonnes for the sake of consistency and meaningful comparison.

# Environmental, Social and Governance Report

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Location of The Group in FY2023 <sup>1</sup>

Unit: Number of employees		Age group			
Gender	Aged 30 or below	Aged between 31 and 40	Aged between 41 and 50	Aged 51 or above	Total
Male	20	56	91	80	247
Female	21	144	300	17	482
<b>Total</b>	41	200	391	97	729

Unit: Number of employees		Position		
Gender	General staff	Management	Director and senior management	Total
Male	230	11	6	247
Female	480	1	1	482
<b>Total</b>	710	12	7	729

Employment type		
Full time	Part time	Total
729	0	729

Geographical location	
Locations	Number of employees
PRC	699
Hong Kong	30
<b>Total:</b>	729

1. The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.



# Environmental, Social and Governance Report

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Location in FY2023 <sup>1</sup>

Unit: Number of employees	Age group				Total
	Aged 30 or below	Aged between 31 to 40	Aged between 41 to 50	Aged 51 or above	
<b>Gender</b>					
<b>Male</b>	26	13	13	5	57
<b>Employee turnover rate (%)</b>	130.00%	23.21%	14.29%	6.25%	23.08%
<b>Female</b>	26	48	31	61	166
<b>Employee turnover rate (%)</b>	123.81%	33.33%	10.33%	358.82%	34.44%
<b>Total</b>	52	61	44	66	223
<b>Total employee turnover rate (%)</b>	126.83%	30.50%	11.25%	68.04%	30.59%
<b>Geographical locations</b>					
<b>Locations</b>	<b>Employee turnover</b>		<b>Employee turnover rate (%)</b>		
<b>PRC</b>	222		31.76%		
<b>Hong Kong</b>	1		3.33%		

1. The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2023 by the number of employees in FY2023. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

# Environmental, Social and Governance Report

Table S5. Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2023 <sup>1</sup>

<b>Total number of employees trained</b>				224
<b>Total number of employees at financial year end</b>				729
<b>% of employees trained</b>				30.73%

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Gender	Position			Total
	General staff	Management	Director and senior management	
<b>Male</b>	94	7	0	101
<b>% of employees trained</b>	41.96%	3.13%	0.00%	45.09%
<b>Female</b>	122	1	0	123
<b>% of employees trained</b>	54.46%	0.45%	0.00%	54.91%
<b>Total</b>	216	8	0	
<b>% of employees trained</b>	96.43%	3.57%	0.00%	

1. The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2023. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S6. Training Hours Received by the Employees of the Group by Gender and Position Type in FY2023 <sup>1</sup>

Gender	Position			Total
	General staff	Management	Director and senior management	
<b>Male</b>	2,256.00	120.00	0.00	2,376.00
<b>Average training hours</b>	9.81	10.91	0.00	9.62
<b>Female</b>	2,928.00	24.00	0.00	2,952.00
<b>Average training hours</b>	6.10	24.00	0.00	6.12
<b>Total</b>	5,184.00	144.00	0.00	5,328.00
<b>Average training hours</b>	7.30	12.00	0.00	7.31

1. The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

# Environmental, Social and Governance Report

## IX. REPORT DISCLOSURE INDEX

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
<b>A. Environmental</b>				
A1: Emissions	General Disclosure	Information on: (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 NOx, Sox, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations</i>	<i>GRI 2-27, GRI 3-3 (c), GRI 305, GRI 306</i>	17
	KPI A1.1	The types of emissions and respective emissions data.	<i>GRI 305-1, 305-2, 305-3, 305-6, 305-7</i>	44
	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).	<i>GRI 305-1, 305-2, 305-4</i>	44
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>GRI 306-3 (a)</i>	44
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	<i>GRI 306-3 (a)</i>	44

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Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 305-5	26
	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.	GRI 3-3 (c, d), GRI 306-4, 306-5	19, 26
A2: Use of Resources	General Disclosure	<p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i></p>	GRI 3-3 (c)	21
	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).	GRI 302-1, 302-3	46
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	GRI 303-5	46
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	GRI 3-3 (c, d), GRI 302-4, 302-5	27
	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.	GRI 3-3 (c, d), GRI 303-1	23
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	GRI 301-1	46

# Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	<i>GRI 3-3 (c)</i>	28
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<i>GRI 3-3 (c, d), GRI 303-1, GRI 304-2, GRI 306-1, 306-2</i>	28
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.	<i>GRI 2-12 (a, b-i), GRI 3-3 (c)</i>	29
	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.	<i>GRI 201-2</i>	29
<b>B. Social</b>				
<i>Employment and Labour Practices</i>				
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	<i>GRI 2-27, GRI 3-3 (c)</i>	30
	KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	<i>GRI 2-7 (a, c), GRI 405-1 (b)</i>	47
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<i>GRI 401-1 (b)</i>	48

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Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	<i>GRI 2-27, GRI 3-3 (c), GRI 403-1</i>	33
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	<i>GRI 403-9, 403-10</i>	33
	KPI B2.2	Lost days due to work injury.	<i>N/A</i>	33
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	<i>GRI 3-3 (c, d), GRI 403-1, 403-3, 403-5, 403-7</i>	33
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	<i>GRI 3-3 (c), GRI 404-2 (a)</i>	35
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	<i>N/A</i>	49
	KPI B3.2	The average training hours completed per employee by gender and employee category.	<i>GRI 404-1</i>	49

# Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B4: Labour Standards	General Disclosure	Information on: (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.	<i>GRI 2-27, GRI 3-3 (c)</i>	36
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	<i>GRI 3-3 (c), GRI 408-1 (c), GRI 409-1 (b)</i>	36
	KPI B4.2	Description of steps taken to eliminate such practices when discovered	<i>GRI 3-3 (c, d), GRI 408-1 (c), GRI 409-1 (b)</i>	36
<i>Operating Practices</i> B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	<i>GRI 3-3 (c)</i>	36
	KPI B5.1	Number of suppliers by geographical region.	<i>GRI 2-6 (b-ii)</i>	36
	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.	<i>GRI 2-6 (b-ii), GRI 3-3 (c, d), GRI 303-1 (c), GRI 308-1, 308-2, GRI 414-1, 414-2</i>	36
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	<i>GRI 2-6 (b-ii), GRI 3-3 (c, d), GRI 303-1 (c), GRI 308-1, 308-2, GRI 414-1, 414-2</i>	36
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	<i>GRI 3-3 (c, d)</i>	36

# Environmental, Social and Governance Report

Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B6: Product Responsibility	General Disclosure	Information on: (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.	<i>GRI 2-27, GRI 3-3 (c), GRI 417-2, 417-3, GRI 418-1</i>	38
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	<i>N/A</i>	40
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	<i>GRI 2-29, GRI 3-3 (c, d), GRI 418-1</i>	40
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<i>N/A</i>	41
	KPI B6.4	Description of quality assurance process and recall procedures	<i>N/A</i>	39
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	<i>GRI 3-3 (c)</i>	41



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Aspects	ESG Indicators	Description	GRI Standards Alignment*	Page
B7: Anti-corruption	General Disclosure	Information on: (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	<i>GRI 2-27, GRI 3-3 (c), GRI 205-3</i>	42
	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	<i>GRI 205-3</i>	42
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	<i>GRI 2-26, GRI 3-3 (c), GRI 205</i>	42
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	<i>GRI 205-2</i>	42
Community 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.	<i>GRI 3-3 (c)</i>	43
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	<i>GRI 203-1 (a)</i>	43
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	<i>GRI 201-1(a-ii)</i>	43

\* The linkage between the GRI standards and disclosures that relate to each aspect in HKEX ESG Reporting Guide refers to the summary table from the 'Linking the GRI Standards and HKEX ESG Reporting Guide' (updated July 2020), with amendments from the GRI Universal Standards 2021



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